The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Gen. Chiang Kai-shek on Accomplishments of the Revolution

Exclusive article by Commander of Nationalist Army dealing with Revolutionary Accomplishments which have been registered since 1911.

China's Great Strides in Aviation

A complete analysis of present-day development in the fields of Civilian and Military Aviation in China, including an illustrated section showing heretofore unpublished views of China as photographed from the air.

ARTICLES IN THIS ISSUE

Japan in Practical Control of North China

China Rapidly Becoming an Air-Power---Soon Will Rank Sixth Among Nations

Civilian Aviation Making Rapid Strides in China---From Wheelbarrow to Air Liner

Japanese Naval Staff Given Perpetual War-time Powers

How the Japanese Have, and Have Not, Exterminated the Bandits *(By the Review's Correspondent at Harbin)*

The Twenty-Second Anniversary of the Chinese Republic . . . . . By Gen. Chiang Kai-shek

Next Imperialist Drama in Asia to Be Staged on High Table-Lands of Yunnan and Tibet . . . . By Wilbur Burton

Manchuria Will Not Solve Japan's Economic Problem . . . . . By Ben Dorfman

History of Aviation Development in China . . By C. Y. W. Meng

SATURDAY, OCTOBER 7, 1933 VOLUME 66, NUMBER 6

FORTY CENTS A COPY

THE CHINA UNITED ASSURANCE SOCIETY, LTD.

SHANGHAI

BALANCE SHEET

December 31st, 1932

LIABILITIES

Capital	$ 500000.00
Legal Reserve	212402.61
Assurance Fund	4801116.78
Contingent Reserve	130000.00
Educational Endowment Maturity Reserve	4424.54
Claims Awaiting Proof	63223.94
Maturity Endowment in Course of Settlement	48149.51
Reserve against Depreciated Currency	129895.96
Reserve for Wah An Liquidation	28787.12
Reserve for Oriental Life Liquidation	35893.52
Suspense Premiums	2928.75
Surrender Value Suspense	36417.42
Mortgages and Loans	799364.31
Deposits Received	574981.98
Interest Received in Advance	29168.06
Auditors Fees Unpaid	1643.84
Unclaimed Interest on Capital	1933.24
Sundry Creditors	56450.69
Balance, Surplus	50549.70
	$7507331.97

ASSETS

Cash in Hand			$ 61872.31
Cash in Banks			129444.95
Investments and Real Estates			4542490.05
Loans and Mortgages		$1454852.05	
less Reserve		20000.00	1434852.05
Loans on Society's Policies			846430.06
Agents Balances		$ 35381.51	
less Reserve		20000.00	15381.51
Premiums Outstanding	$57530.30		
less Cost and Reserve	16674.96	$ 40882.34	
Deferred Premiums		135326.48	176208.82
Interest Accrued			56347.42
Deposit for Leased Premises			2361.75
Furnitures, Motor Cars and Boat			54016.52
Sundry Debtors		$ 167794.87	
less Reserve		20000.00	147794.87
Sundry Assets			40131.66
			$7507331.97

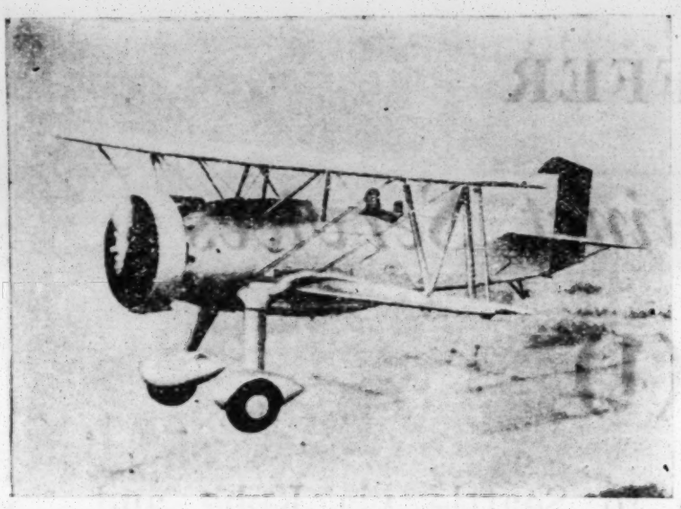
We have examined the above Balance Sheet with the Books and Vouchers of the Company and in our opinion such Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs on December 31st, 1932, according to the best of our informations and explanations given to us and as shown by the Books of the Company.

We have verified the existence of the Securities.

24.8.33

CHARTERED ACCOUNTANT } AUDITORS

INTERCONTINENT AVIATION INC.



Curtiss "Hawk"

Curtis "HAWK" Pursuit now standard pursuit squadron National Government, Republic of China Air Corps. This ship was demonstrated by Major Doolittle in Shanghai this year.

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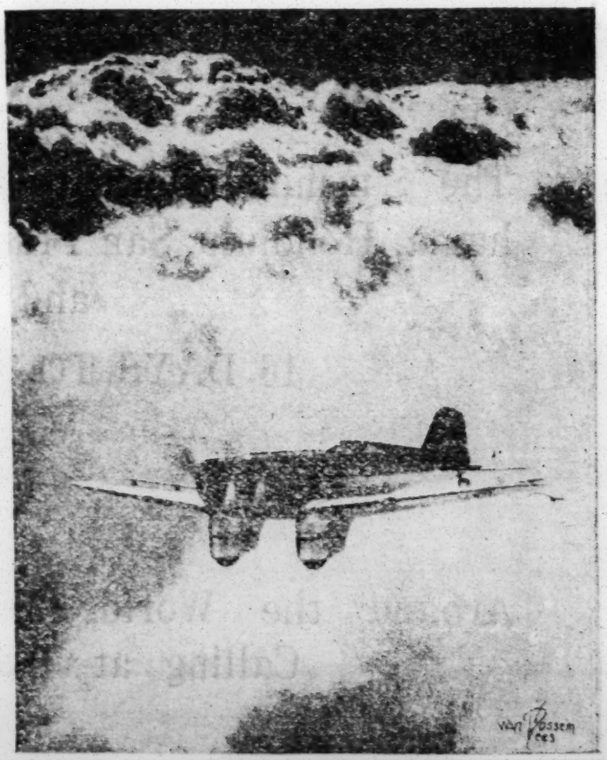

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密勒氏評論報

The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

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Formerly Millard's Review

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STEPHEN WANG PAUL K. WHANG

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 38 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

WASHINGTON OFFICE
J. J. Underwood—Correspondent
Colorado Building, Washington, D. C.

APPARENTLY GOD ONLY CAN HELP CHAPEI VICTIMS

FOR a period of approximately thirty days Japanese sailors and soldiers with the most modern of war equipment including air-bombers and heavy artillery rained death and destruction in the Chapei section of native Shanghai. Some 12,000 people were killed and wounded and property destroyed exceeded a billion dollars. Most of the losses were suffered by small shop-keepers of whom there were thousands in the devastated area, a densely populated district about two miles wide and three miles long. Hundreds of these shop-keepers had insurance policies on their small stocks of goods, policies issued by foreign and Chinese insurance firms which have their head or branch offices in the International Settlement. These insurance companies have an association which holds frequent meetings, hence after the smoke had cleared away from the ruins of Chapei they held a meeting to decide on what to do about Chapei losses. Expert legal opinion was consulted and as usually happens in cases of this kind, the most conservative views prevailed. The result was that the insurance companies decided that they were not bound by their contracts to pay the Chapei losses, because the Chapei trouble was a "war" or at least a "civil commotion," or something which was not covered in the actual contract. The insurance companies of course were on sound legal ground, or at least were advised to this effect by their conservative legal advisers. At any rate they unanimously decided not to pay the losses and the losses have not been paid. The Chapei victims finally formed an organization and sent representatives to Nanking and have made various appeals to the insurance companies but to no avail. Finally, last week they sent a committee of 100 around to stage protest meetings on the doorsteps of the various companies, but this of course was likewise of no avail for the International Settlement police chased them away and locked up the ringleaders. Therefore, as suggested in the heading to this paragraph, the Chapei victims having exhausted all human means, have no other recourse except an appeal to God for solace. In a previous discussion of this subject in these columns, it was suggested that the large foreign and Chinese insurance companies would have placed themselves in a much better position from the standpoint of future goodwill in China if they had de-

cided to pay at least a small percentage of the Chapei losses, rather than standing on strict legal grounds and paying nothing. Certainly their position would have been much better morally, considering all phases of the question. As a matter of fact some of the insurance managers have started privately that the total amount of the Chapei losses was small, when compared with losses resulting from natural calamities in other countries, because in the case of Chapei only a relatively small number of shops were insured. The general insurance situation from the standpoint of Chinese property-owners throughout China is highly unsatisfactory due to a racketeering-brokerage method of doing business which should have been discontinued years ago. The situation is most difficult of understanding by the average layman, but briefly most of the insurance on Chinese property is not arranged directly by the companies and the property-owners, but is arranged by a horde of so-called insurance brokers or go-betweens, who exact such a heavy toll that Chinese property-owners are required to pay premiums which are about five times heavier than are required of foreign owners on similar property. The difference goes to the racketeering brokers who bring in most of the business to the large insurance firms. The situation is a serious one and should be corrected by the companies voluntarily, but they do nothing, hoping that nothing will happen to disturb their present favorable position. And the likelihood is that nothing will happen—that is not until something serious does happen—then the pent up animosities resulting from the Chapei debacle will be added to the other complications and there will be another Sino-foreign issue for the diplomats to worry about!

REASON FOR JAPAN'S FAILURE IN MANCHURIA

HON. GEORGE HOLDEN TINKHAM, representative in the U. S. Congress from Massachusetts, who is now traveling in Manchuria, said that the Japanese are the "Romans of the East," from the standpoint of military genius, but lack administrative capacity or colonizing ability. When asked about conditions in Harbin, he side-stepped a direct reply, but referred to the fact that George Hanson, American Consul-General in the north Manchurian metropolis, is compelled to maintain an arsenal on the consular premises for protective purposes. But it has remained for Dr. Ben Dorfman of the department of economics of California University to indicate the real reason for Japan's failure in Manchuria. Dr. Dorfman spent many months of serious study and investigation in China's northeastern provinces prior to the League investigation of the Sino-Japanese issue. Then he served as a technical expert on the Lytton Commission and had much to do in the compiling of the final report, particularly those parts dealing with the vital matters of finance and economics. A complete summary of Dr. Dorfman's report on the subject, "Is Manchuria the Solution to Japan's Economic Problems," appears elsewhere in this issue and should be read in full by those who would have a real understanding of Japan's present predicament. But his conclusions are well summarized in his final paragraph, "I do not believe that controlling Manchuria will provide Japan with adequate solution to her most pressing economic problems.... The heavy costs of the venture and the venture itself have aggravated and precipitated other problems, the magnitude and seriousness of which have yet to be fully realized. With a more judicious handling of her Manchurian problem, Japan was destined to gain much of what she will obtain in Manchuria, and insofar as net economic gain is concerned, she could easily and might wisely have spared herself the cost of the entire venture. She may get more out of Manchuria economically than she otherwise would have, but this possible gain has been bought too dearly." Many books and columns of newspaper and magazine type have been written in explanation of the Manchurian issue, but Dr. Dorfman's brief summary tells the whole story of Japan's failure in few and simple words. Had Japan followed a more judicious policy she could have gained almost everything she desired in Manchuria and spared herself the heavy cost of the entire venture. And the heavy cost cannot, unfortunately, be measured in terms of money alone. Japan's losses in world esteem are far greater and more difficult to reckon than the monetary outlay. Also, unfortunately, the final results of Japan's Manchurian mistake cannot as yet be foretold, for the final chapter probably will be written in terms of revolutionary disorder and bloodshed, not on the plains of Manchuria but in Japan proper where the final reckoning for the blunders of the Mutos, Arakis, Matsuokas, Uchidas and Hirotas will be made.

China Will Bring Up Press Law at Madrid Press Conference

The central publicity committee of the Kuomintang intends to bring to the attention of the International Press Conference, when it meets at Madrid on October 17, the undesirable consequences arising from the fact that most foreign newspapers and journals in China enjoy extraterritorial privileges and have refused to comply with this Chinese Press Law.

Opposition to certain provisions of the Chinese Press Law on the part of foreign publishers has been bitter and it is known that the consular authorities of a number of countries have advised their nationals not to register

In the form of application for registration with the Ministry of Interior, the applicant formally agrees to be bound by the Chinese Press Law, one of the first provisions of which is that any editor publishing any article derogatory to the Kuomintang shall be subject to fine or imprisonment.

Chinese Tea Merchants Get $3,000,000 Loan to Develop Trade With Russia

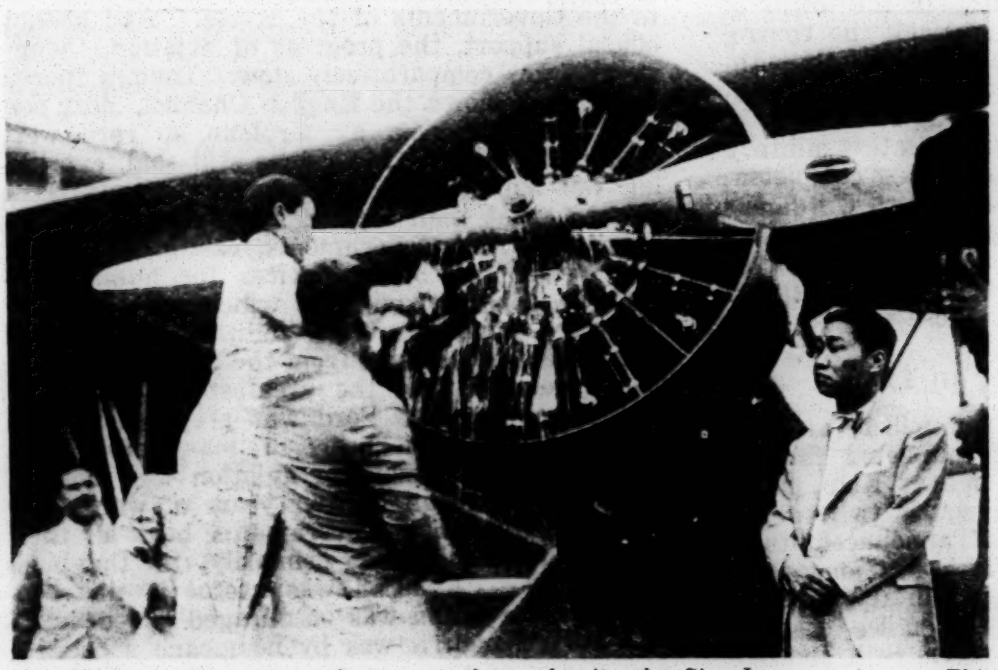
A loan of $3,000,000 has heen obtained from local Chinese banks by Chinese tea merchants to develop tea export trade to Russia, according to Ling-hou, general secretary of the Chinese Bankers Association. The loan will be redeemed by payments to be made by Russian tea traders through the Far Eastern Bank ("Dalbank") in Shanghai, which is to act as guarantor for the redemption of the loan.

Japanese Engineer Develops Stainless Silver

Tadashi Tanabe, a Japanese, after years of experimenting with silver alloys in an attempt to find one which will resist corrosion under normal exposure to air and moisture, has developed an alloy, with zinc and tin, which has met all specifications in all tests, according to *Business Week*. Patent rights have been granted in both Japan and the United States. The feature of the Tanabe alloy is that it not only resists actual tarnishing, but retains its natural silver lustre, and is harder than unalloyed silver but still easy to work.

China Rapidly Becoming an Air-Power---Soon Will Rank Sixth Among Nations

CHINA is steadily developing into an "air power." In increasing measure are China's military leaders turning to the development of the air fleet as one of the most effective measures for establishing and maintaining control over the vast domains of China. A new slogan has come to the fore: "National Salvation by the Use of Aircraft!" Scores of military planes reach China monthly, to be put into use promptly by a carefully selected, trained, and skilled aviation corps, assisted by an American adviser and with a considerable number of highly competent American pilots and engineers, serving as advisers and instructors at the government aviation school at Hangchow. Though great secrecy is observed as to the actual size of the Chinese air force, it is probably well over three hundred planes at present. Last year it included about one hundred and fifty fighting planes, plus an equal number of training machines. The number is constantly growing, and a program formulated last year aims at some twenty-three squadrons of airplanes and seaplanes, four squadrons of dirigibles, and eleven anti-aircraft squadrons, by 1935. This will bring the total number of fighting machines to over seven hundred.



China continues to purchase war planes despite the Sino-Japanese truce. This picture shows Madame Wu Te-chen, wife of the Mayor of Greater Shanghai christening the first plane, "Shanghai No. 1" which was purchased with part of the $1,500,000 which was raised through public subscriptions. An order has been placed with the Curtiss aviation interests of the United States for some 36 of these "Curtiss-Hawk" pursuit planes.

The significance of this number may be realized when it is compared with that of some of the Powers today. Only the six Great Powers have air fleets larger than this, and that of Soviet Russia does not exceed some eight hundred fighting planes. (At the beginning of 1931 the Red air fleet numbered only 750.) The Polish fleet numbers 700. Two years hence, therefore, if the present program is achieved, China will be comparable to Poland as an air power, and even approaching Soviet Russia in this respect. Russia, however, is the weakest of the Great Powers in aviation, and China's fleet will still be less than half that of America, Britain, France, Japan, or Italy. At the present time, China's air fleet is greater than that of Belgium or India, and comparable to that of Holland, with 321 planes, of which 116 are stationed overseas for the protection of her Oriental colonial empire. And there are many planes which are not included in the Nanking figures, as both Kwangtung and Kwangsi, and even the Soviet districts, allegedly have fighting planes. Seventy-two planes of the Canton air force participated in the demonstration there on Aviation Day. And Kwangsi possesses over forty planes.

THE WAR AGAINST COMMUNISM

For the military leaders of China, however, the main question is not the comparative size of China's air forces as compared with those of other countries, but the importance of these forces in establishing effective control over China itself, particularly over the Soviet districts which include so much of the interior. When Red armies emerge from the interior towards a sea or river port, they come in contact with the government's better-equipped armies, and which have the further advantage of foreign assistance. But this does not settle the problem in the mountainous interior, where the crushing of Communism and bandit disorder must be the work of Chinese forces, without direct aid from outside. It is no secret, today, that the repeated failures to exterminate the Communists have been largely due to the unreliability of many of the common soldiers in the Nanking armies. These men, common peasants themselves, have often been influenced by red propaganda, and from time to time have deserted to the Reds, so much so that some of the Nanking expeditions have been cynically described as "supply trains" for the Communists. But this situation can be considerably altered by the increased importance of the air fleet. The air force has a special selected personnel. The fliers are not common peasants or workmen, but more educated men, from the more stable classes in society, who may be depended upon to maintain their loyalty to the Central Government. They are not merely "picked up" as ordinary soldiers are, but are carefully examined before acceptance, and their family connections and social origin noted. This method does not altogether prevent errors, as educated young Communists may at times allegedly squeeze in, and when opportunity arises decamp to the Communists with a Government

plane. But this has been comparatively rare, and on the whole the personnel is a most dependable one.

This question of personnel is of course vital. The comparatively small number of men required in the air force, in comparison with the great hordes of the common soldiery, makes possible the careful selection which has been referred to. But this achieved, there is the matter of tactics. Often, upon the advance of the government military forces, the Red armies or bandits nave simply disappeared, declining any pitched battle, but keeping up a demoralizing guerilla warfare in the hill districts, where the regular armies are at a serious disadvantage. They may, of course, be able to keep the Red forces in the hills, but this necessitates continual military occupation of the lower areas in order to prevent their return as soon as the regular armies evacuate. Bombing squadrons, however, can be far more effective than foot soldiers. Such fleets can circle over the hills, locate the Red forces, and bombard them without fear of reprisals. In the towns of the Soviet districts they can attack the control institutions of the Communist or bandit rule without the heavy expenditure of a military expedition. It is significant that it is at Nanchang, in Central China, where one of the greatest military airports in the Far East is now being completed, in record time, with an airdrome which will house some three hundred planes,—practically the whole air fleet of China. Nanchang is beyond the northern border of the red-bandit district, and it is for the war on Communism that these preparations are being made.

MOSTLY AMERICAN PLANES

Though the biggest airdrome will be at Nanchang, two others are being completed further south in the same province, one at Kian, more than a hundred miles to the south (where the "Soviet Government of China" announced itself some three years ago, but which has long been in the hands of the Nanking military forces), and one at Nanfeng, ninety-five miles east of Kian and near the Fukien border. Still another is to be built at Linchuan. Nanchang, Kian, and Nanfeng form a triangle, and eash airdrome ran house two or three flights of planes. That at Nanchang will house the twenty Ford bombers recently bought from America for use in the anti-Communist expedition. The Chinese air forces, indeed, are made up mostly of American plane This is true both of the Nanking and the southern fleets. Besides the Curtis-Hawk pursuit and bombers, and Fords, there are Vought Corsairs as well (from the United Aircraft Corporation), and other American makes. It is reported, however, that a prominent German concern is also to make bombing planes for the Chinese forces, though as these cannot (by the terms of the Versailles Treaty) be manufactured in Germany, a factory is to be started in Esthonia. There are a number of other planes, of various origins, in the Chinese air fleet.

The recent conference at Kuling took up the matter of the Chinese air forces, and further elaborated a three-year plan which will go further than that set forth last year for the National Air Force. Furthermore, the whole status of military aviation was raised by the creation of a Ministry of Aviation. The former Aviation Bureau, under control of the Ministry of War, has already been transferred by order of General Chiang Kai-shek, to the direct control of the Military Council, which is part of its enlargement and reorganization into a ministry. Among other things, the Bureau is erecting four "model airplane stations" at Nanchang (already completed), Hsuchow, Kaifeng, and Loyang.

CHINA FOLLOWING THE WEST

It may be suggested that airplanes can be put to better use than a campaign of destruction. But it must be noted that China is only following the example of Western Governments in this. Twenty years ago, before the beginning of the World War, flying was still regarded, in the West, as in the experimental stage. A number of planes had been built, indeed, but it was still a hobby, and only for quite wealthy men. The tremendous possibilities of rapid transit in linking together the various areas of the world, and thus bringing closer understanding among humankind, was not a thing of particular interest to the Governments of the world. And lacking official support, the progress of aviation, though steady, was comparatively slow. Though Bleriot had already flown the English Channel, most persons had never seen an airplane, so rare were the machines. In 1913 people still said, expressing the quintessence of incapacity, "I could no more do that than I could fly." But then came the War. And Governments, casting about for ever newer and better devices for human destruction, took up aviation, which was suddenly found to have great possibilities. Cities and trains were bombarded from the air, and aviation was developed with the greatest of official enthusiasm. By 1918 Ford was prepared to turn out airplanes on a basis of mass production. The great development of aviation was most of all the direct result of four years of war,—four years during which Governments bent all their energies, basically and primarily, to the business of war. Aviation was useful in this connection, so aviation was encouraged and developed. And though it was by no means a decisive factor during the last war, it will certainly be of far more importance the next time the Governments of the world decide to throw their man power into the pit of war. Furthermore, the comparatively small number of persons required for this arm of warfare makes possible their careful selection.

CHINA IN THE WORLD

Whether China's air force will develop to a point where it can compete with Japan's is another question. At present, it is so far behind that it seems difficult for China to catch up. On the other hand, it must be remembered that China's military forces are by no means so weak as they have been commonly regarded by foreigners. The struggle of the Nineteenth Route Army in Shanghai last year showed that Chinese soldiers could stand up against any,—though the Nineteenth Route Army is by no means the best-equipped of the Chinese armies. This force was, however, hardened and steeled by their war against the Communists in Kiangsi province. Should these Communist and anti-Communist forces, by some stretch of the imagination, be combined in a united Chinese army against a common foe, it is difficult to say that China would not appear as a formidable Power. For the time

being, however, this is evidently out of the question. But the Japanese are clearly apprehensive of the possibilities, in view of the advisory connection of several American pilots with China's air expansion. It will be recalled how Tokyo reported that America was assisting Tsai Ting-kai's army, in Fukien, with planes, and entering into an agreement for the establishment of an air base there. The reports were obviously untrue, but they show the nature of the Japanese apprehensions. More recently it has been announced that the Japanese Government will appeal to the Sino-Japanese Treaty of 1915 to prevent the establishment of a Sino-American air line connecting Shanghai with Manila, Honolulu, and San Francisco. This proposed line is a commercial one, but it is connected with the establishment of airdromes in Fukien, upon which the Japanese military men, from whom this reported appeal emanated, look with anything but approval.

But China is growing into one of the significant Air Powers of the world. How this power will be used is a question. Japan, America, Russia, all wish to have this power on their side, rather than against them. The powerful states surrounding China, indeed, do not permit her to pursue a wholly independent course. (No nation, indeed, can stand wholly alone today.) But in the coming struggle for control of the Far East, China will be by no means a mere passive onlooker or victim.

THE JAPANESE STIMULUS

The Japanese have no one but themselves to blame for China's present spurt toward the development of an efficient fighting air-force. It was the action of the Japanese naval and military air forces in raining death and destruction upon the unfortified city of Chapei with its defenceless population of men, women and children, that caused the Chinese people of high and low degree to unitedly decide upon the immediate development of a military aviation department. The ability of the Imperial Japanese forces, materially assisted by their aviation branch, to extend their sway over an extensive section of China's national domain in the Northeast, also aroused the Chinese people to a sense of their defenceless position. Recently a Japanese military officer at Tientsin boasted through the official bulletin issued from the Japanese military headquarters in that city, that the Japanese had succeeded in killing and wounding more than 200,000 Chinese soldiers and civilians since the beginning of the conflict in 1931, and had been able to accomplish this wholesale slaughter with minimum losses, allegedly not exceeding from 12,000 to 15,000 on the Japanese side. It has been a general realization of the real significance of this deplorable situation that has inspired the Chinese people of high and low degree to take steps to defend themselves against a repetition by either Japan or some other enemy. In the matter of national defence, China also, obviously, needs a modern navy, but since her chief enemy has the jump on her in that regard, there is little possibility of Chinese naval development in the near future. Thus, aside from the effort now being directed toward the development of a modern land-force, the chief attention is being directed toward the development of an air-force considered adequate for defence. Obviously China has no intention of aggressing upon any of her neighbors, hence her energies are now being directed, aside from the control of the domestic situation, to defence against foreign foes.

Elsewhere in this issue appears an article dealing with the matter of Chinese civilian aviation, in which there also has been phenomenal development in recent years. But in the development of aviation generally it appears likely that aviation evolution in China will be somewhat similar to what took place in the United States in the past decade. It was Government-fostered military aviation in the United States that produced large numbers of trained pilots and aviation-mechanicians. After they have completed their government training in the military branch, hundreds of these young men naturally turn to the various branches of civilian aviation. The fact that a number of Chinese young men are now flying about the country on their own, giving exhibitions, is the best possible indication of the great development which is now but starting. That Chinese young men have the ability and courage to master this new art has been amply demonstrated. That China shortly will take her place in the air along with the other leading nations now seems certain!

Flying Training in Peace and War

Aviation experts state that the type of plane most suitable for training under war conditions is the type which should be adopted under peace conditions, even though the same intensive use is not required and even though there may be many other alternatives which, in peace, can be used at the expense of time, or by reason of selected peronnel.

These are the basic ideas which have guided the design of Avro training aircraft and which led to the production of the Avro Tutor. The soundness of these ideas is proved by the selection of the Tutor by the British Air Ministry, after intensive and comparative trials of many competitive types of aircraft during a period of three years, to replace the Avro 504N as the standard training aeroplane of the Royal Air Force. The basic ideas, carried a step further, have produced the Avro 626.

The divergence of opinion which undoubtedly exists in matter of flying training is present to a still greater degree when the question of what is called a transformation plane is considered. In peace time, apart from the probable availability of obsolescent war types suitable for the purpose and the necessity for considering existing training organization, there is a host of circumstances, economic, financial and political, which can affect the case. But certain main facts stand out: 1. The scope for economy in that part of the training of flying personnel which concerns the higher and applied side of training for military and naval duties, i.e., subsequent to purely flying training, is far greater than the scope which exists in flying training itself; 2. the argument in favor of standardization of training material acquires greater force if aeroplanes and engines used in flying training are applicable to every branch of the training, of flying personnel, except actual flight practice on war types; 3. the war conditions of urgency of output of completely trained pilots can be better fulfilled in certain directions by standardized material, e.g., pilot's gunnery training under war conditions carried out on practically the same type of aircraft as ab initio training.

In pursuance of these ideas the Avro 626 has been evolved. The Avro 626 is also adaptable to the ordinary dual control flying training arrangement. It can carry out the true ideal of training under war conditions and be used for the entire range of training of flying personnel, ab initio flying instruction to finishing practice in the use of all normal armament and special equipment used on the latest types of war aircraft.

The Avro range of training planes cover every conceivable training requirement. They are produced by an organization possessing great experience in Air Force training. They are handled in China by the Far East Aviation Co., Ltd., Shanghai and Hong Kong.

Civilian Aviation Making Rapid Strides in China---From Wheelbarrow to Air-Liner

ONE of the most significant aspects of China's modernization is the bringing together, by air lines, of the widespreading areas of the country. During thousands of years of China's history, the vastness of her territories made contact and communication a difficult thing, with central rule loose and uncertain, and both trade and travel a troublesome and most expensive thing. Today, over this great country, air lines are developing and growing. One can jump from Shanghai to the far interior province of Szechuan in three days, or to the deserts of Sinkiang in a similar period. And only mechanical delays lie in the way of the operation of a regular air line connecting Shanghai directly with European cities via Russia. In Shanghai a magnificent air field is shortly to be constructed, China's National Air Port-of-Entry.

While the motor car and truck have performed wonders in the development of transportation in China, the mountainous or arid nature of many of China's inland regions will probably have the effect of causing China to even hurdle for the time being the intermediate step from wheelbarrow and sedan-chair, directly to the airplane. This is already true in the development of airlines along the Yangtsze, where modern planes are already carrying mail and passengers over areas which are not yet traversed by either railways or modern motor-roads. It also is true in the development of airlines to the great Northwestern territories, which are as yet unconnected with the seaboard by either railways or motor roads. This does not mean of course that railways and motor-transportation will be dispensed with, but in all probability the air services will stimulate other forms of transportation necessary to link up the country.

Between Shanghai and Peiping, indeed, there are two regular air lines. The China National Aviation Corporation, a Sino-American concern (55 per cent belonging to the Chinese Ministry of Communications, 45 per cent to China Airways, Fed. Inc., which is owned by the Pan-American Aviation Corporation, U.S.A.) maintains a regular nine-hour service, with stops at Haichow, Tsingtao, Tientsin, and Peiping. The Eurasia Aviation Corporation, a Sino-German concern (66-2/3 per cent belonging to the Chinese Government, 33-1/3 per cent to the German concern Luft Hansa) maintains a service which flies a more westerly course, via Nanking to the old capital.

Elsewhere, the two lines do not directly compete. They have, indeed, no carefully delimited spheres. But the object of the Eurasia Aviation Company, as its name implies, is to establish air communication with Europe, branching off in China to Peiping, Shanghai, and Canton. The China National Aviation Corporation aims mainly at the development of communications in China itself, with however a certain orientation towards the south, and plans for air communication with America via the Philippines.

At present, however, their actual services show little of this. Both companies have been operating mainly in North China, and the Yangtze Valley. Direct air communication with Europe does not exist at present, and the C. N.A.C.'s Shanghai-Canton line is not yet in operation. Both objectives, however, now seem to be mainly a matter of time.

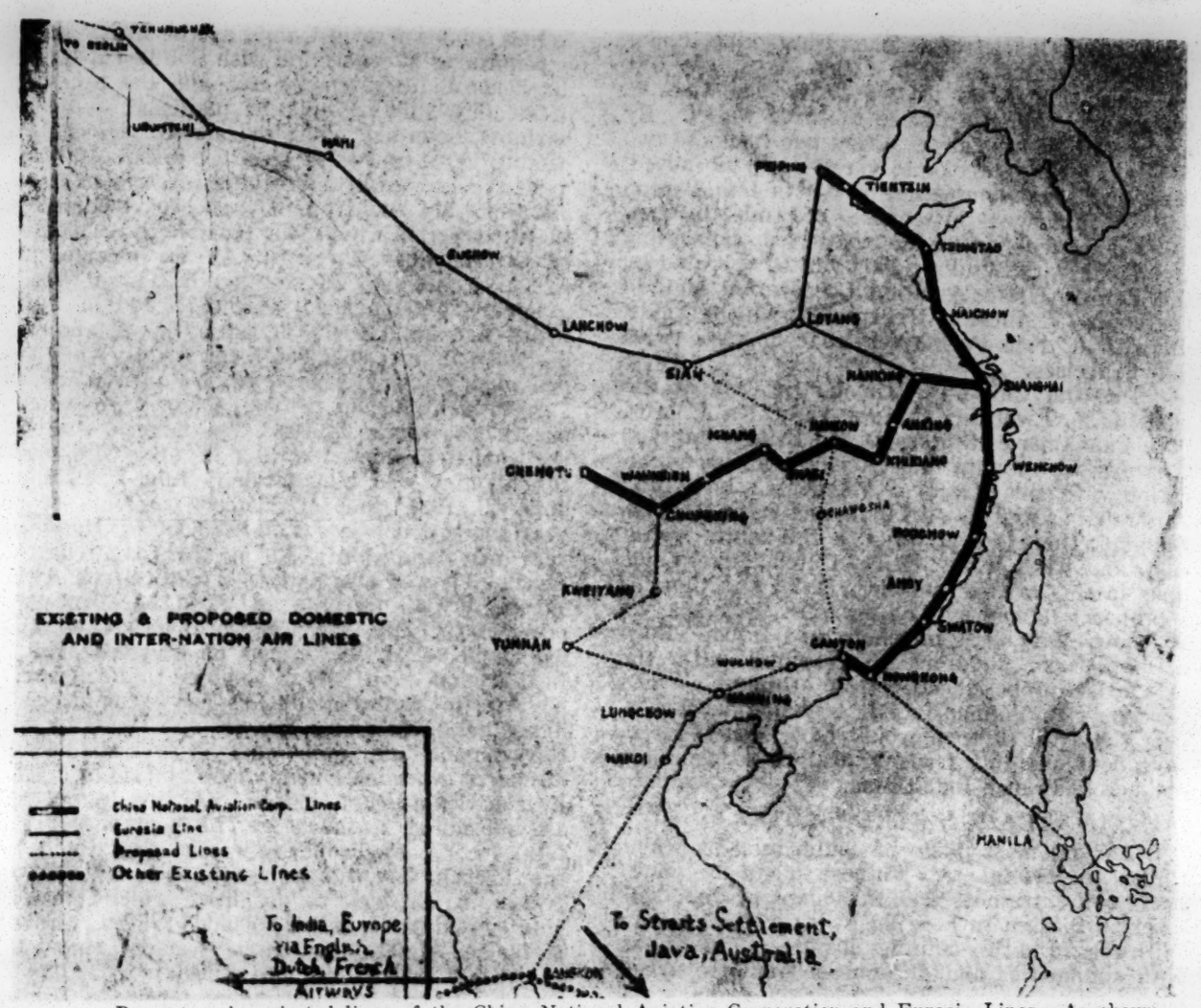
COMMUNICATION WITH EUROPE

The Eurasia line, indeed, more than two years ago actually established direct air communication with Europe, but the military operations in Manchuria checked this. On May 31, 1931, a Eurasia plane took off from Peiping for Manchuli, at the western end of the Chinese Eastern Railway, flying over Jehol, western Manchuria, and a strip of Outer Mongolia. At Manchuli the mail carried by this plane was transferred to Russian carriers and transshipped by air across Siberia and into Europe. Shanghai and London were brought within a week of one another, and this continued for some months.

One extremely unfortunate incident was connected with this. China not recognizing the de facto authorities of Outer Mongolia, no permit was obtained to fly over this territory. As a result, a plane was shot down while passing over the region, and the German pilot and mechanic were arrested charged with espionage. Neither was killed when the plane was shot down, but one of the men was badly wounded, and had to have his leg amputated in a Mongolian hospital. After some months they were released, thanks to an appeal from the Russian authorities at Moscow (who had been approached by the German envoy there) to Urga on their behalf. But with the chaos which followed the Japanese occupation of Manchuria, and the destruction of Chinese authority there, in the latter part of the year, it was finally found necessary to suspend the service altogether, though the Peiping-Shanghai line was continued.

China suffered a further misfortune from the standpoint of aviation development as a result of the Japanese occupation of Manchuria. When the Japanese military forces occupied Mukden in the fall of 1931 they seized between 75 and 100 planes belonging to the Manchurian aviation department, which was headed by Marshal Chang Hsueh-liang. The Japanese immediately repainted these machines, incorporated them into the Japanese air-bombing squadrons, and used them for the bombing of Manchurian cities and the conquest of the country. Now many of these planes are being used in the development of aviation lines throughout the puppet state of Manchukuo, all of which are controlled by the Japanese military authorities. The Japanese seizure of Manchuria also stopped China's linking up that section with the rest of China, a plan which had already been put into effect when the Japanese occupied Mukden.

In the meantime, however, preparations were being carried on for the projected direct line to Berlin via Sinkiang. Surveys were made through the Chinese northwest, from Loyang to Sianfu, Lanchow, Suchow, Hami, and Urumtchi (Tihwa). Landing places were made, gasoline supplies prepared for, and the line gradually extended. December 1932 the Northwestern Line was started, from Shanghai to Lanchow in Kansu, with



Present and projected lines of the China National Aviation Corporation and Eurasia Lines. As shown by the map, one may now travel by regular air-mail and passenger planes from Shanghai to Hankow and the Upper Yangtsze and from Shanghai to Peiping and Tientsin. Shortly one may travel up and down the coast from Shanghai to Canton and Hongkong and in the not-distant future it will be possible to travel by air to the Philippines. The projected lines of the Eurasia Aviation Corporation connecting the seaboard cities with the Northwest and Russia and Europe are also shown as well as projected connections with the Straits Settlements, Netherlands Indies and British India.

stops at Nanking, Loyang, and Sianfu, and a connecting line between Peiping and Loyang. By June of this year the regular operation of the Eurasia line as far as Tihwa was fully prepared for, but this was checked by the troubles in Sinkiang. Over the route covered by the planes, however, arrangements have now been made which promise a regular service, and the line now goes via Hami to Tihwa, and thence to Tchuguchak, on the Russian border. Air communication with Europe is now in sight, as mails (and passengers) can be transferred to the Russians at Tchuguchak. There has been some obscure difficulty, however, in connection with fuel supplies from Russia, and until this is settled the line is not operating regularly to the border.

MAIL OF FIRST IMPORTANCE

It is the difficulty here which is holding up another extension of this line, from Sianfu via Siangyang to Hankow, and thence via Changsha to Canton. China's air lines depend primarily upon their income from the mail they carry, and the Sianfu-Canton line will only become a paying proposition when the European mail service is established. Otherwise, however, preparations are complete. And when this service is actually put into operation both Shanghai and Canton will be within six days of Berlin, and Hankow even less. (In this connection, it is to be noted that all flying in China is in daylight. There are no preparations for might flying as yet.) This southern extension of the Northwestern Line will cross, at Hankow, the Yangtze Valley Line of the China National Aviation Corporation, which follows the line of the river, in the main, from Shanghai to Nanking, Anking, Kiukiang, Hankow, Shasi, Ichang, Wanhsien, Chungking, and Chengtu. The southern (coast) line of the C.N.A.C. will be in operation during the coming month, if there are no unexpected delays.

What this means in the drawing together of the country may be seen from some of the comparative times of air and other communications. Ordinarily, mail takes not less than five days to reach Canton from Shanghai. By the air line, it will reach there the same day. The plane, leaving Shanghai in the morning, stops at Wenchow, Foochow, Amoy, Swatow, and Hongkong, and reaches the southern port the same afternoon. But when times are compared for the up-river ports, especially for what was formerly almost inaccesible Szechuan, the difference is far more striking. A correspondent can ordinarily consider himself very

fortunate if his letter reaches Chungking, under the best circumstances, in fifteen days. By air, however, this is cut to two days. The time to Chengtu is ordinarily close to three weeks. By air mail, it is three days. From two weeks to two days, and three weeks to three days, is indeed, economy. The completion of the line to Canton will be followed in course of time by another line, now being prepared for, connecting Hongkong with Manila. This will be operated by the Pan-American Aviation Corporation, and in the course of time, it is expected, will be linked up with a trans-Pacific service connecting with San Francisco.

Dr. Chu Chia-hua, Minister of Communications, is now working through the C.N.A.C. with both Pan-American interests and British Imperial Airways, with a view to establishing air communication with the Straits Settlements, Java, and Australia, as well as with India and Europe. From Bangkok there are airways to the south, southeast, and west, with British, Dutch, and French lines in this area of southern Asia, and there is a proposal to connect Canton with Bangkok via Wuchow, Nanning, Lungchow, and Hanoi. Such a line would link up at Nanning with the C.N.A.C.'s proposed line from Chungking via Kweiyang to Yunnan-fu. It is very likely, however, that the French would have something to say about any line from Yunnan-fu to Nanning, and across French Indo-China.

TRAINING THE PILOTS

As yet, most pilots of commercial planes in China are foreigners. Chinese pilots are, however, being trained, and in course of time will displace foreigners here as in other occupations. With regard to this training of pilots, China shows both similarities and differences from the West, where flying was put to widespread military use before it was made a commercial proposition. A great number of pilots, both in Europe and the United States, were trained for war work, and when the armistice came were in a position to take jobs as fliers as commercial aviation developed. China, on the other hand, has until very recently had no trained personnel of her own except for a handful of men who learned to fly in other countries. But in China, as in the West, it is military aviation which will turn out fliers for civilian work. The demonstration at Hungjao, outside Shanghai, last month, impressed all observers with the competence of the Chinese pilots of the National Government's military planes. These pilots were from Hangchow, where the military aviation school established under Government auspices has just graduated its first class. This school was started by General Chiang Kai-shek and Minister T. V. Soong, and is now being carried on under the guidance of Minister H. H. Kung. Many of the pilots who graduated on September 1st will serve as instructors in the schools, and others will go to various army posts on flying duty. A new class of 250 students is now being trained at Hangchow. In the course of a year or two, when there are enough competent Chinese pilots and mechanics for her rapidly expanding military air fleet, there will be a surplus fully qualified to fly commercial planes.

AVIATION AS A BUSINESS

As a business proposition, aviation is rapidly becoming a profitable enterprise. So far, indeed, it has not been so in China, as the heavy initial expenditures in connection with the fleet itself, its air fields and equipment, etc., and the necessity of steadily building up both mail and passenger business, have had to be considered. Of the expenditures, of course, those of the initial establishment are covered by the capital investment itself, but there are some which have been incurred in the early period which it is possible to economize on as the work develops. As for income, the figures of the C.N.A.C. are significant, showing a revenue from mails of some $214,000 in 1930, which had risen to $547,462 by 1932 and will probably be some $672,000 for this year, while the passenger revenue increased from $176,717 in 1930 to over $400,000 in 1932, and this year should exceed last year's figures. The balance sheet of the company showed a loss of over $1,000,000 for its first year's operations (July 1, 1930, to June 30, 1931), one of $955,000 for the second year, and a deficit less than $485,000 for the fiscal year just completed. During this last year the revenue showed an increase of $261,074, and the expenditure a decrease of $234,286, over the previous year. By 1935 it is probable that the company will be paying returns on invested capital. In this connection, it is to be noted that elsewhere notably in Britain and France—"commercial" flying has in fact been heavily subsidized by the Government, and even now is in considerable measure dependent upon such subsidies. The French Government, indeed, has been supplying (in subsidies) as much as 77.5 per cent of the total income of French air concerns. In 1932 the French Government gave over 220,000,000 francs in subsides to air lines which took in from actual traffic only 20,000,000 francs. On the Marseilles-Algiers line traffic receipts amounted to 908,000 francs, but the subsidy to 16,00,000 francs. It has been estimated that each ton of freight carried on this line cost the French taxpayer 568,000 francs.

NATIONAL AIR PORT-OF-ENTRY

In connection with the projected linking of China by air with South Asia, Europe, Australia, and America, plans are now being made for the creation of a great airport at Shanghai. From here planes will leave and arrive connecting both with North and South China ports, via Hongkong with Manila and thence to America, and via Canton with Bangkok, the Straits Settlements, Australia, India, and Europe. The airport being planned is on the site of the present Lunghwa Air Field, which will however be greatly enlarged, an area some 2,400 feet by 3,000 being required. Located on the bank of the Whangpoo, it will be used by seaplanes as by others, and is expected to compare favorably, in all respects, with the finest airports of Europe and America. So far air communication in China, as noted, has been mainly in the Yangtze Valley and the North. But with the extension to the South come in great possibilities in connection with overseas business. It is from South China that the great bulk of Chinese have spread out to the Malay States, Java, the Philippines, Hawaii, and the United States. Millions of these overseas Chinese, sending back hundreds of millions of dollars yearly from their investments abroad, are the basis of the prosperity of the South China coastal cities. With the linking

of South China with the South Seas, and furthermore with America, by air, it will be possible to handle expeditiously a big air mail service, and a considerable passenger service as well. In the South, even more than in the North, it will be Chinese patronage—especially of the air mail—which will make the air lines a paying proposition. More companies than one, and more routes than one, are involved in the matter of communication between China and the United States. Pan-American Airways, which holds through China Airway 45 per cent of the China National Aviation Corporation and controls its operations, may link up their Alaskan Airways with China via Japan. On the southern route, however, the Pacific Zeppelin Company has already surveyed a line between Manila and California, and a high official in the Goodyear-Zeppelin is quoted as actually preparing for such a line, from Manila to San Francisco via Hawaii.

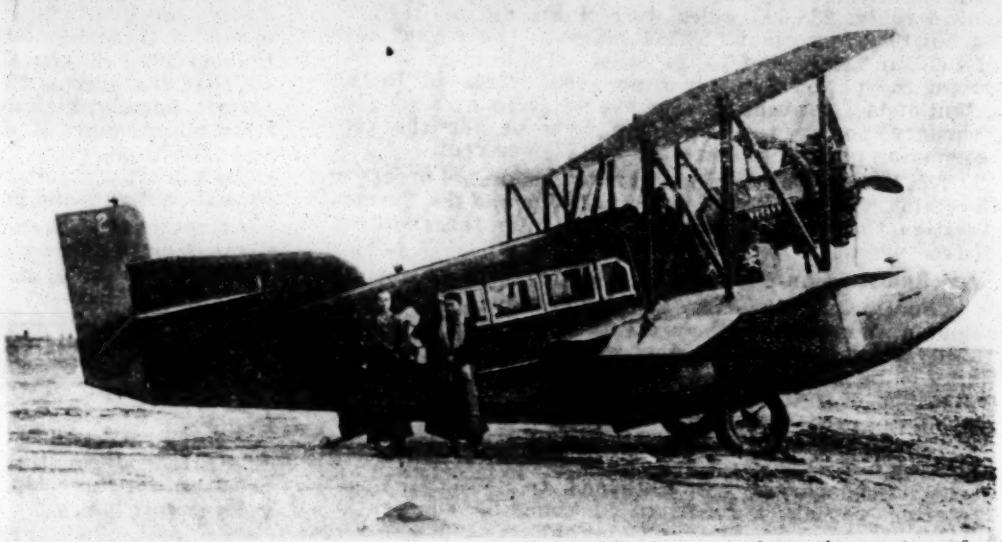
JAPANESE BUSY IN NORTH

Japan, of course, is most active in air communications in Manchuria and the adjoining areas of China. If the Pan-American-C.N.A.C. extends its lines to Japan, Japanese planes may link Tokyo with Shanghai and Tientsin. It is to be noted that while a great National Air Port-of-Entry is being planned for Shanghai, a great airport is also being planned for Osaka, aiming to be the largest in the Far East. The estimated cost of Shanghai's proposed port, however, is $2,000,000, while that of Osaka is less than 1,500,000 yen. Japanese lines maintain air services in Manchuria, and between Manchuria and Japan. There are regular routes linking Tokyo with Dairen and Changchun, and the Manchuria Air Transport Company connects Mukden with Dairen, with Shingishu, and now with Jehol. Japanese plans, indeed, go much further than this, contemplating air lines connecting Japanese cities not only with Dairen, but with Tientsin (and Peiping) and Tsingtao, as well as with Shanghai. It was recently reported that the Japanese were secretly preparing an air field in Tientsin. The Air Bureau of the Japanese Ministry of Communications has drafted a ten-year plan for the establishment of commercial air lines linking up the whole Japanese Empire, coming down the China coast to Formosa opposite the Fukien ports of Amoy and Foochow. Though details have not been announced, the lines to Formosa will probably wish to stop at South China ports, and those into Korea may extend into Manchuria.

AIRPLANE CONSTRUCTION IN SOUTH

Although commercial flying has not yet reached in South China the stage of development it has further north, it is in that area that technical progress has reached the stage of actual airplane construction. A number of planes have already been turned out from the Chinese factory at Amoy, and some of these, notably the *Kiangfen* and *Kiangying* (China's first two home-made planes), have flown over considerable areas of the country in demonstration trips. The Chinese-made seaplane, the *Kiangchuen* has also flown over much of China. The engines for these planes have, so far, been imported from abroad. The Bureau of Aviation of the Naval Ministry has made planes at Amoy, and other factories are contemplated. The Ministry has airplane works at Shanghai, and has recently petitioned for funds for expansion. The Executive Yuan is said to have promised $100,000 for this work.

Commercial flying in South China is still "in the air," in a different sense than further north. A Southwestern Aviation Corporation is being organized, looking forward to all-Chinese capitalization of some $15,000,000, and planning a number of lines connecting Canton with Lungcho, Foochow, and Linlien, and also joining Wuchow with Kweiyang and Nanning with Kumin, linking Kwangtung by air with Fukien, Kwangsi, Kweichow, and Yunnan. Both political leaders and merchants are keenly interested in this, and the Kwangtung Chamber of Commerce has asked the authorities to establish passenger and mail air services as soon as possible, to join Canton with coastal and inland commercial business centers. Last week it was reported that Szechuan and Hunan interests had joined in the Southwestern project. So far, however, the actual capital is given as $1,100,000, to be increased to $2,000,000 through the inclusion of the two provinces mentioned. No actual work is reported as yet, but it is probable that Chinese money, abundant in South China for investment purposes owing to the inflow from overseas, will be forthcoming, and that all-Chinese lines will be started in that part of the country. China is steadily and rapidly going ahead in civil aviation, and in this way a kind of unification is being achieved which has never before been possible over her wide-spreading domains.



Loening Amphibian Plane, one of the world's best, used on the routes of the C. N. A. C. lines. The ship has a 575 horse-power motor; carries 4 passengers, pilot and co-pilot.

Work Proceeds on Canton-Hankow Railway

Work for the completion of the Canton-Hankow Railway is now under way. The construction is to be financed by a $60,000,000 loan, which is to be issued by the Ministry of Railways and secured on the Boxer Indemnity loan which the Ministry had borrowed from the Sino-British Boxer Fund Indemnity Commission.

China National Aviation Association Losses Gradually Decreasing

The China National Aviation Corporation sustained a total loss of $2,451,410.26 during its three years' operation, beginning July 1, 1930 and ending June 30, 1933, according to the third annual report of Dai Enki, managing director of the aviation corporation. The meeting was presided over by Huang Kiang-chuan, chairman of the board of directors. The Pan American Airways, which acquired from the Intercontinent Aviation Company, the ownership of China Airways, Fed. Inc., of 45 per cent of the shares of the C. N. A. C., was represented at the shareholders' meeting by H. M. Bixby, Dr. George Sellett and W. L. Bond, their local representatives. Mr. Dai stated, however, that during the year under review, the revenue of the Corporation showed an increase of $261,073.70, and the expenditure a decrease of $234,285.63. Through the opening of the Shanghai-Peiping Line the mileage flown by the Corporation has increased considerably. 288,698 miles were flown during the first half of 1933 as against 215,274 miles in the second half of 1932, an increase of 73,424 miles. The volume of mail during the period January-June 1933 decreased to the extent of 14½ per cent, due to the raise in airmail (1st February) postage rates, but the Revenue for the corresponding period has increased by 14½ per cent.

The Ministry of Communications has issued orders to the China National Aviation Corporation and the Eurasia Aviation Corporation, strictly prohibiting the granting of free passages.

No Sino-Russian-German Joint Service for the Present

The Eurasia Aviation Corporation has decided to abandon the idea, for the present, of opening a branch airline between Lanchow, Kansu, and Seening, Kokonor. Li Ching-chun, manager of the firm, and director of a recent test flight over that region, states that Kokonor has no immediate need for such an airline, According to Mr. Li, since trouble has broken out again in Sinkiang the proposed Sino-Russian-German joint service will have to be postponed. Mr. Li returned to Shanghai Sept. 29 after paying a visit to Sinkiang to survey the air line between Lanchow and Chinghai.

Twenty Thousand Men Work on Nanchang Airdrome

More than 20,000 men were at work to complete the huge airdrome at Nanchang in readiness for the reception of 20 twin-engined Ford bombing planes recently purchased in the United States. A ceremony inaugurating the completion of this airdrome was held during this week, when a large number of planes made demonstrations. Shiploads of coolies who were employed in the transport of supplies, had been arriving recently at Kiukiang from all over China, men from Shantung, Honan, Kiangsu, Anhuei and Chekiang being particularly noted.

Early completion of the Nanchang military airdrome was urged in an order by General Chiang Kai-shek, so as to facilitate operations against Communist forces, which are reported to be again threatening southern Kiangsi and its neighboring provinces, Fukien and Kwangtung.

The building of the airdrome at Kian, on the Kan River, about 120 miles south of Nanchang, was completed Oct. 3. The field at Nanfeng, 95 miles east of Kian, near the Fukien border was completed several days later. The three air bases form a triangle with Nanchang as the apex.

Twelve airplanes from Kwangsi left Canton Sept. 23 for Liuchow, after taking part in the air pageant in said city. Bad weather delayed the return at an earlier date.

Patriot plane No. 31, while making a practice flight near Changchun Sept. 21 developed engine trouble and crashed to the ground as it was landing. The pilot was unhurt although the chassis of the plane was totally wrecked.

The last three airplanes of the air force of General Chang Hsueh-liang, which escaped the "Mukden incident" because they were stationed in Paoting, landed at Hsuchow last week on their way to Nanking. The airplanes, all training craft, were piloted by officers of the Third Squadron of the Nanking Air Force. General Chang's air force, known as the Northeastern Squadron, had more than 350 airplanes of German and American make until September 18, 1931. During the Japanese occupation of Shenyang, where all the airplanes were stationed, it is alleged that the Kwangtung authorities took them over, repainted them and incorporated them into the Japanese air force.

Coast Flight Planned to Arouse Interest in Aviation

Plans have been drawn up by the authorities of the Naval Airplane Factory at Shanghai for a long distance flight along China's sea coast by three home-made airplanes with a view to arousing airmindedness among the people along the sea coast. The three planes to be used will be *Chiang Chueh*, *Chiang Feng* and *Chiang Huo*. The first-named is being used by Captain Chen Wen-lin on his cross-country flight; the other two machines are in Shanghai. The date for the proposed flight will be fixed after Captain Chen's return to Shanghai.

Hsu Pei-keng, director of the National Aviation Bureau, states that the bureau has mapped out a program for giving the people an elementary knowledge of air defence. He said that a large publishing company had agreed to publish a series of "air defence primers" prepared by the bureau, while a propaganda corps was being trained in Nanking and would soon be despatched to various parts of the country.

The first plenary conference of delegates of the special Party branch attached to the National Air Force was opened at Hangchow Sept. 30. In a brief inaugural speech Colonel Hsu Pei-keng, Chairman of the Conference, declared that the success of the Party depended upon three factors, namely; high moral standard among its members, strict maintenance of discipline and pursuance of a clear and definite objective. The inaugural meeting was followed by a demonstration in which 12 airplanes took part in formation flights and performed various air stunts.

Captain Chen Wen-lin resumed his round-the-country flight from Hsuchow Sept. 25 and arrived at Tsinan after having been in the air for two hours. He later proceeded to Tientsin. Captain Chen arrived at Peiping, Sept. 29 from Tientsin, covering the distance in 45 minutes. The flier was warmly welcomed by a large body of Chinese officials and aviation enthusiasts at the Nanyuan airdrome. From Peiping he flew to Chengchow Oct. 2.

Sun Tung-kang, the youthful Chinese aviator, arrived in Kaifeng from Hankow in his own monoplane. He remained for three days and then proceeded North on his cross-country flight.

Long Distance Flights With "Bristol" Jupiter Engines

An overseas station of the Royal (British) Air Force has recently carried out a series of long-distance flights without refuelling, the aircraft used being Westland "Wapitis" fitted with "Bristol" Jupiter Series VIII.F. engines. The first flight, in which three machines took part, lasted 8 hours 53 minutes, the distance covered being 842 miles.

Soviet Balloon Reaches Height of 19,000 Meters

The huge stratostate balloon "USSR" alighted near Moscow Sept. 30 after a flight that lasted 8 hours and 15 minutes. The radio-messages sent out by the commander of the airship throughout the flight highly praised the work of all mechanisms installed inside and outside the cabin, and conveyed the results of observations on changes of temperature and barometric pressure. The stratostate and all its equipment, and the instruments for scientific observations, were manufactured at Soviet factories.

The Institute of Aviation at Novocherkassk, Russia, has started work on the construction of a new light, cheap two-seater airplane, MAI-2, designed by the students of the Institute.

The decision of the British government to station Wing Commander R. P. Willock, the new British Air Attache to China, at Peiping, is being criticized by the leading British aircraft manufacturers on the ground that Commander Willock will be out of touch with aviation activities, if he remains in Peiping. They advocate that he make his headquarters either at Shanghai or Nanking.

The Japanese are preparing to establish three new air lines; one from Fukuoda, in Japan, to Shanghai: another from Dairen to Tsingtao, via Tientsin; and a third from Fukuoka to Foochow via Formosa. The three lines will be financed by the Japanese Navy Office.

Two Japanese naval planes during the week surveyed the aerial route between Japan and Rashin, the newly opened aerial port in Korea.

New Transcontinental Air Record In U.S.A.

Roscoe Turner, one of America's leading speed aviators flew from Los Angeles to the Floyd Bennett airport, New York. Sept. 25, in 10 hours five-and-a-half minutes, establishing a new trans-continental record.

Japan in Practical Control of North China---The Fang Chen-wu Mystery

THE supprssion of the Fang Chen-wu rebellion within the so-called "demilitarized" zone in northern Hopei province has left the Imperial Japanese Army in practically complete control of political affairs in north China including the former capital at Peiping and the port of Tientsin. On September 27 the Japanese forces disarmed and expelled the Chinese railway guards and police from the port of Tangku which commands the entrance to Tientsin from the Gulf of Chihli. Tangku is supposed to be internationalized under the Boxer Protocol signed by China and the Powers in 1900. It is now controlled by Japan exclusively and is being used by the Imperial Japanese Army for landing reinforcements for Japanese garrisons at Tientsin, Tangshan and Shanhaikwan as well as the Japanese legation barracks within the city of Peiping. On October 2 the Chinese authorities at Tientsin announced that the Japanese were actively engaged in acquiring land for the construction of an extensive airdrome at that place.

Two leading officials of the National Government, Wang Fa-chin, member of the Central Executive Committee and Chang Chi, veteran party leader, who returned to the National Capital from an inspection of conditions in north China declared that Japan now regards this area as their "prize of conquest." Chang Chi, in his statement which was circulated through the official *Kuomin* service declared that Japan not only dominated the Peiping-Tientsin area, but there was serious danger of the three northern provinces of Hopei, Shantung and Honan following in the footsteps of Manchuria. Of further interest in this connection were reports in the Chinese newspapers regarding large numbers of Japanese, members of the Peiping Legation, military espionage men and what-not, who recently have been making inspection trips into Shansi province, the important area to the west of Peiping which is controlled by Gen. Yen Hsi-shan, a military leader who has not always been loyal to the Central Government.

While it generally has been realized that Japan's military domination of Manchuria would give the Island Empire a much stronger position in the affairs of north China and even over the affairs of China generally, the full force of Japanese military domination was not realized until quite recently in connection with the crisis precipitated by the invasion into the neutral zone of the rebel General Fang Chen-wu and his associates. It was only a few minutes after the delivery of the Japanese ultimatum, ordering Fang Chen-wu to evacuate the demilitarized zone, that Japanese air-bombers were swooping over Peiping and scattering leaflets over the city, including the erstwhile sacrosanct Legation Quarter where foreign ministers and secretaries accredited to the Chinese government were trembling in their shoes expecting the shower of Japanese leaflets to be followed by more formidable missils. The Japanese air-bombers also, while on their visits to Peiping, dropped messages in the Japanese Legation compound containing instructions to the Japanese Military Attache, Col. Shibayama, directing him to convey orders to the Chinese military authorities on behalf of the commander of the Japanese Kwantung Army which was operating southward from the Great Wall. And while this was going on other Japanese air-bombers, not carrying leaflets, were dropping high-powered bombs indiscriminately upon the forces of the rebels and Chinese Government troops in the vicinity of Kaoliying, only twenty-five miles from Peiping. Then to complete the story of Japanese military domination of the Peiping-Tientsin district, Gen. Yu Hsueh-chung, defence commissioner of Tientsin and Governor of Hopei province was forcibly prevented from dispatching police reinforcements into the Luantung district (Between Tientsin and the Great Wall) where a Japanese-supported bandit commander, Lao Hao-tze, popularly known as the "Big Rat" for many days has been devastating the countryside, burning cities and slaughtering the peasant farmers.

From this discouraging picture in north China we turn to Nanking the seat of the National Government and there we observe the Japanese Minister, Akira Ariyoshi, acting on behalf of the Tokyo General Staff, delivering to Wang Ching Wei head of the recognized Chinese Government, another ultimatum ordering China to disavow recent declarations of China's official envoy to the League of Nations. On September 29, Dr. V. K. Wellington Koo, Minister to France and representative on the Assembly of the League, delivered an address wherein he declared, "All signs in the Far East point to a major conflict within the next few years unless international action is taken to prevent the Covenant of the League from becoming a scrap of paper." Continuing, Dr. Koo bluntly told the delegates of the European Powers and the unofficial representatives of the United States and the Soviet Union that the League faces the choice of upholding the Covenant "everywhere or nowhere." Using language which the *United Press* correspondent at Geneva described as "leaving the mass of the delegates stunned by his candor," Dr. Koo called attention to the fact that Japan has continued breaches of the Covenant through her invasion of Manchuria and declared that this question must be settled in accordance with international law and treaty obligations. "If the Manchurian Question remains unsettled, it will remain, if not an insurmountable obstacle, at least a stumbling block in the path of new international agreements looking toward economic and military disarmament. China is doing her utmost to resist the attempt to convert the Covenant into a scrap of paper. We are determined steadfastly to maintain all rights and claims under the Covenant. We will never recognize or acquiesce in an illegal accomplished fact. Delay in enforcing the Assembly's report on Manchuria is undermining the Covenant everywhere and imperilling world peace. The absence of any effective action from the League on the Manchurian problem has encouraged those who continuously have proclaimed the belief that might is right. It has placed premium upon agression. Ominous clouds are gathering in

the Far East. A race in armaments has begun with huge naval and air-maneuvers, fleet concentrations, the fortification of bases, trial mobilizations, various civil formations and enormous increases in war expenditures. Japan already has given notice of intention to increase her navy in 1935. Upon enforcement of the Covenant everywhere or nowhere, hangs disarmament or re-armament, economic recovery or continuance of the world crisis, war or peace."

On the following day, September 30, the Tokyo War Office, acting through its recently appointed Foreign Minister, Koki Hirota, demanded that China immediately disavow Dr. Koo's militant statement before the League. Minister Ariyoshi, in conveying the protest which had all the force of an ultimatum to the National Government, was quoted by the official Japanese *Rengo* service (October 1) as declaring that unless China disavowed the Koo statement, "Japan will be prepared to take decisive measures." Minister Ariyoshi also informed Wang Chin-wei that among the counter-measures which Japan might take "would be a reconsideration of the question of purchasing raw cotton from China and other measures concerned with the Tangku armistice agreement signed on May 31." Finally he warned China against any anti-Japanese utterances or actions which are regarded as detrimental to the "amicable relations between the two countries."

Although the foregoing report was carried in detail in an official Japanese *Rengo* dispatch issued to the foreign and Chinese newspapers on October 1, the *Shun Pao*, local Chinese newspaper published a report on October 3 stating the Japanese Legation had issued a denial that such a protest had been lodged with the National Government and declaring that no such instructions had been received by the Japanese Legation from Tokyo. The National Government, also in an official dispatch from Nanking on Oct. 3, denied that such a protest had been received from the Japanese Government, the Kuomin dispatch ending with the following statement, "Dr. Koo's utterances before the League Assembly merely clarify the stand of the Chinese Government whose views are proper and moderate and should not incur any carping criticism."

MYSTERY OF FANG CHEN-WU

The Fang Chen-wu rebellion precipitated by his invasion of the demilitarized zone between Peiping and the Great Wall on September 21 had practically collapsed by October 3 due to pressure by both the Peiping troops and the combined forces of Japan and Manchukuo. A Japanese report from Peiping (Rengo) on September 3 stated that while most of Fang's forces had retreated back to the Hopei-Chahar border, some 10,000 of his troops had launched an attack on the Government troops at Changping which is located about thirty miles northwest of Peiping on the railway running to Kalgan, Gen. Fang's object being to cut the line. The report claimed Fang was leading his troops personally and while the Government troops were inferior in strength, Fang had not been able to occupy the position. Reports in the Chinese newspapers stated that most of Fang's force had fled to the border where Hopei, Chahar and Jehol meet to the east of Kalgan. Aside from the fact Fang found himself sandwiched in between the Japanese-Manchukuo forces and the Chinese Government troops, his sudden collapse apparently was largely due to the failure of his announced allies to support him, the allies being Chi Hung-chang, a former Kuominchun commander; Tang Yu-lin, former governor of Jehol; Liu Kwei-tang, former commander in Jehol; Cheng Kwei-lin, former Manchurian volunteer leader, their total force being estimated at approximately 40,000.

There is considerable mystery surrounding the entire adventure of Gen. Fang Chen-wu, for he was quoted in several Japanese dispatches as declaring his chief purpose was to occupy Peiping and eliminate Nanking (Chiang Kai-shek) influence from north China. A dispatch from Canton (*Central Press*, Sept. 28) denied that Gen. Fang's object was to occupy Peiping but was designed to oppose the Japanese in Jehol province, that the report stating his object was to capture Peiping was propaganda circulated by Gen. Ho Yin-chin's headquarters in Peiping. Further Canton reports on September 27 and 28 reiterated that Fang's real purpose was to oppose the Japanese. However, in view of Fang's quoted statements to the Japanese that his intention was to occupy Peiping *to their mutual benefit*, it is believed in Chinese circles that Fang was induced by the Japanese to enter the demilitarized zone for a double purpose, to get him away from the Jehol border and also provide an excuse for further Japanese military demonstrations in the direction of Peiping. Fang apparently fell into the trap and assisted the Japanese in both particulars for the Japanese immediately advanced their troops southward from the Kupeikow Pass and occupied several towns within 30 to 40 miles of Peiping while Japanese air-bombers repeatedly flew over Peiping and bombed both Fang's troops and the troops of the Chinese Government in the vicinity of Kaoliying. The Japanese also bombed Fang's troops at Changping.

THE LUANTUNG CRISIS

The efforts of Gen. Yu Hsueh-chung, governor of Hopei province and defence commissioner of Tientsin to send police reinforcements into the Luantung district located in the triangular area between Tientsin, the Great Wall and the seacoast, were still unsuccessful when these paragraphs were written on Wednesday, October 4. In the meantime the bandit leader, Lau Hao-tze, or "Big Rat" with Japanese support, has been able to establish his control over most of the territory. He occupied Peitaho on October 2 and all towns and villages which have refused or been unable to pay tribute, have been burned and the magistrates and leading citizens killed. Bandit Lau calls his army the East Asia Allied Forces and according to allegations in the Chinese papers they are well armed with modern rifles and machine-guns and have several pieces of light artillery. The Chinese also allege he is being assisted by mounted Japanese reservists. Chinwantao, important city where the head offices of the British-Chinese Kailan Mining Administration are located and also where there is stationed a small detachment of the U. S. 15th Infantry under the terms of the Boxer Protocol, was compelled to pay Bandit Lau $50,000 monthly to avoid looting. On three occasions Gen. Yu Hsueh-chung, Chinese commander at Tientsin attempted to send a force of 2,000 gendarmes into the Luantung zone, but each attempt was frustrated by the Japanese military who stopped the gendarmes and disarmed them at Tangshan, a short distance north of Tientsin. Since the Chinese people, villagers and peasant farmers in the Luantung area are the chief victims of the Japanese-supported banditry, the action of the Japanese in preventing the Chinese from sending police into the zone has aroused serious indgnation throughout China, the Chinese newspapers in Peiping (*Reuter* dispatch, Oct. 3) alleging that Japan's purpose is to "banditize north China."

The official *Kuomin* service circulated a dispatch from Tientsin on October 3 stating the Japanese have acquired a large area of land in the vicinity of of Nankai University, near Tientsin, and are hurriedly constructing a large airdrome. The Japanese denied the report, explaining that the land was to be used for the expansion of a Japanese commercial concern (Okura and Company). The Chinese land-agent who negotiated the lease of the land, which is located outside the Tientsin concessions, has in the meantime disappeared. The Chinese dispatch stated the Japanese were using between 500 and 1,000 laborers in leveling the land for aviation purposes.

GEN. HUANG FU GOES NORTH

Gen. Huang Fu, head of the Peiping Political Affairs Committee, who negotiated the Tangku truce arrangement with the Japanese army on May 21, but who has been in Shanghai for several weeks, finally returned to Peiping on Oct. 3. In an interview at Nanking, Gen. Huang stated he had finally reached an agreement with T. V. Soong, Finance Minister, regarding the reorganization of finances

in north China. He said that the monthly expenditures at Peiping during the regime of Marshal Chang Hsueh-liang had been $4,500,000 and following the outbreak of the Sino-Japanese hostilities in the north the expenditures had jumped to $5,700,000 monthly. In the meantime, due to unsettled conditions, the monthly revenues had dropped to $2,000,000 monthly, hence it had been necessary to effect drastic retrenchments.

The *Ta Kung Pao*, leading paper in Tientsin, in the course of a recent editorial, stated that the one bright spot in the north China situation, was financial reorganization, that the drop of practically $3,000,000 in north China revenues monthly, had compelled retrenchments, resulting in the Nanking Finance Ministry, for the first time, gaining complete control of north China finances. According to an arrangement entered into between Wang Ke-min, financial representative of Gen. Huang Fu, the northern authorities agreed to drastically reduce their expenditures, following which Nanking had agreed to grant a monthly subsidy to make up the deficit. Heretofore the finances of north China have not been controlled directly from Nanking, being largely under the independent control of northern military authorities beginning with Gen. Yen Hsi-shan following the Nationalist occupation of Peiping in 1928. Although Nanking sent a financial representative to the north, the real power in the Tobacco and Stamp-tax bureaus as well as the Salt Gabelle, was exercised by agents appointed by the northern military authorities. The result was that all revenues derived in the north went into the treasuries of the military controllers and was used for military purposes without respect to Nanking's wishes. Owing to this situation the National Finance Ministry could not exercise control, and there was no improvement in the situation even under Marshal Chang Hsueh-liang who continued to dominate military, financial and civil affairs. Marshal Chang even appointed his own financial agent in the north, displacing the Nanking appointee. The Jehol hostilities and complications in Chahar further increased the muddle in northern finances and Nanking was even compelled to remit further large subsidies in addition to the regular revenues of the region. According to report Nanking was compelled to send $3,000,000 monthly to Peiping to pay the additional military deficits. Since the close of the Sino-Japanese hostilities an opportunity has been provided for readjusting the northern situation and arange for disbandment of surplus troops and this, combined with the drastic drop in northern revenues, apparently has provided the National Government with the long-desired opportunity to effect a general reorganization. The results of the final Soong-Huang interview have not been disclosed, but according to report, the military elements in north China are to be paid directly from the Central Treasury similar to the system elsewhere, while all financial organs are to be controlled directly from Nanking. According to the *Ta Kung Pao* the reorganization of finances in north China will result in immediate benefits for it will result in the eradication of "squeeze and financial malpractices," and ultimately may result in north China being able to pay its own way without further subsidies from the Central treasury.

The Twenty-Second Anniversary of the Chinese Republic

BY GENERAL CHIANG KAI-SHEK

ON the occasion of the twenty-second anniversary of the birth of *Chung Hua Ming Kuo*, we may pause for a moment to reflect upon the prodigious transformation which has been effected in the life of our people during the past two decades. Twenty-two years in the four thousand year history of China is only a drop in the ocean of time. In that brief period, however, the structure of our society and the rules governing the conduct of our life have been so fundamentally altered that we must beware of waiting for the perspective of centuries before attempting to survey the record of our achievements. For it is only by keeping constantly in mind the direction along which we are moving and the forces which animate our endeavors, that we shall be able to bring to its ultimate fruition the cause of National Revolution to which Sun Yat-sen, the founder of our Republic, devoted his life.

If the Revolution itself was accomplished, as it were, overnight, even its more immediate origin must be sought for in the long and painful years of the period which followed the Sino-Japanese War. After centuries of misrule by a foreign dynasty, the people of China gradually developed a feeling of intense resentment against the widespread and flagrant corruption of a mandarinate which they rightly regarded as the main source of their distress. But the smouldering revolt of the inarticulate masses could never have culminated if a man had not been found to give expression to their grievances, to organize widely scattered centres of dissatisfaction into a single, coherent movement of revolt, and to instil into the hearts of the people an unshakeable faith in the greatness of their destiny. It was China's inestimable good fortune that, in her time of need, there appeared in her midst a man of genius, Sun Yat-sen, in whom were most happily united the qualities both of a skilful revolutionary and of a fervent revivalist. For thirty years Dr. Sun Yat-sen toiled incessantly, and, when his immense labor finally resulted in the accomplishment of his principal objective—the overthrow of the monarchy and the inauguration of a republican regime, he found himself, not merely the leader of a successful revolutionary party, but the creator of a new nation.

In the few years which have elapsed since the formal institution of the Republican system, this new nation—formed out of one of the oldest peoples of the earth—has had to bend its efforts to the accomplishment of two principal tasks: first, the consolidation of the Republic, and secondly, the reconstruction of the State. No impartial observer can deny that, notwithstanding innumerable setbacks, remarkable success has attended the performance of the first of these tasks. Indeed, the years 1911-1933 clearly stand out in the history of China as the period of her greatest real unity. Complete national integration is so rapidly becoming a matter of history, that it is unnecessary for me, in a short article, to demonstrate a point which is no longer contentious.

It is the second task—that of national reconstruction—which calls for the fullest measure of self-sacrifice and unremitting toil on the part of the whole Chinese people. "The Revolution is not yet achieved," declared the founder of the Chinese Republic in his testament to the people. Nor will it be definitely achieved until China has secured for herself the position of equality and independence among nations which Sun Yat-sen postulated, and until the program of revival which he outlined has been fully applied. This program, as all the world knows, is based on the three revolutionary principles—Nationalism, Democracy and People's Livelihood—known as the *San Min Chu I*, and on the Five-Power Constitution, providing for the establishment of five

Yuan: Executive, Legislative, Judicial, Examination and Control. To some of the steps which have been taken to carry out this program, I shall refer in a moment.

While China has been striving to accomplish these two tasks of consolidation and reconstruction, our people have been visited by a series of unparalleled misfortunes and disasters. External aggressions, internal disorders, floods and famine have followed one another in close succession and have threatened to paralyse all our efforts of regeneration. Yet these appalling calamities have not proved wholly disastrous and have altogether failed to check the irresistible movement of our awakening people towards the goal of our endeavors. They have compelled us to realize that the way to salvation lies in national unity, and they strengthened our will so to build up our spiritual, intellectual and economic resources, that China may soon take her rightful place in the comity of nations.

Let me now briefly indicate the notable progress which has already been made. First of all, communications—perhaps the most important single factor in the economic welfare of a people —have been greatly improved. Many new roads have been built, and two system of inter-provincial highways are now nearing completion. These roads are opening up vast stretches of hitherto almost inaccessible territory and are putting within the reach of distant populations the material amenities of industrial production. These populations are also being put in the full stream of the commerce of ideas by the development of air mail, long-distance telephone, and broadcasting. Here it may be observed in passing that the Nanking Radio Station is the largest in the Far East.

In the fields of public health, rural reconstruction and protection against flood and drought, the National Government of the Republic of China is responsible for an ambitious program of reform. This program has already been carried out on a scale which, even in a country of such vast dimensions as China, has shown positive and satisfactory results. The day is now dawning when disease and the natural disasters to which China is subject shall be firmly controlled and when rational methods of cooperation shall place the marginal livelihoood of the agricultural classes beyond the caprice of the elements.

In the realm of public finance, there are grounds for legitimate rejoicing. In spite of the dislocation which inevitably attends foreign invasions and natural catastrophes of any magnitude, the national budget was balanced last year. Here is an achievement of which not a few foreign countries, not excluding those which have regarded China as a legitimate prey for quasi-colonial exploitation, may well be envious.

Finally, rapid strides have been made in the education of the people. It is, perhaps, in educational work, that the re-awakening of the social conscience is most conspicuous, for it is here (as well as in hospitals, public works and government institutions) that our educated classes have displayed a high sense of national responsibility. Many hundreds of our best scholars are now devoting themselves to the development of public education in all its stages and are giving up their time to the mass education movement.

In the short space of this article, I cannot make any more detailed survey of the work of national reconstruction to which the people of China are consecrating their energies under the aegis of the Republic. But my purpose has been served if I have succeeded in showing that a new era in the history of our country began when, twenty-two years ago, Dr. Sun Yat-sen was proclaimed Provisional President of the Republic of China, and that the Chinese people are displaying a capacity of regeneration and a faith in their own powers which will one day lead them to the position of eminence among nations to which they are destined by the vastness of their country, the wealth of their resources, the immensity of their numbers, and the unique and incomparable traditions of culture to which they are heirs.

Nanchang, Oct. 1, 1933.

Shanghai Industrialist Honored with Order of Commendation

Liu Hung-sheng or better known as O. S. Lieu, well-known Shanghai business leader and Managing Director of the China Merchants' Steam Navigation Company, was awarded a First Class Certificate of Commendation on Sept. 28 by a mandate of the National Government. The Certificate was issued in recognition of Mr. Lieu's liberal contribution to the cause of education of the country upon recommendation of the Ministry of Education at Nanking. The Government's mandate stated that Mr. Lieu had contributed over $200,000 for the promotion of education in the country and in accordance with the Regulations governing the grant of Awards for Educational Contributions, should be publicly commended as an encouragement.

O. S. Lieu

Mr. Lieu is a native of Tinghai, Chekiang province, but was born in Shanghai in 1888. He attended the St. John's University here and entered into business at an early age. In addition to his present connection with the China Merchants' Steam Navigation Company, he has been managing director of the Kailan Sales Agency at Shanghai, Shanghai Portland Cement Company, the China Match Company, the China Wool Manufactory, the China Coal Briquette Company, etc. Mr. Lieu has also been prominently identified with the public welfare works in Shanghai and has contributed liberally towards causes of philanthrophy.

Japanese Admirals Arrive in Shanghai

Admiral Yamamoto, the High Naval Inspector on Imperial Command, and Admiral Eisuke Yamamoto, Supreme Naval Council, accompanied by Rear Admiral Shigetaro Shimada, arrived in Shanghai during the week to inspect the men and officers of the Japanese Navy now on China service as well as various naval equpiments and institutions.

Lieut.-Gen. Y. Suzuki, new military attache to the Japanese Legation in China, has arrived in Shanghai. Lieut.-Gen. Suzuki participated in the drive against General Ma Chan-shan in the Nonni River district and in the Jehol fighting. The new military attache was promoted to the rank of Lieut.-General shortly before being transferred to the China post.

Japanese Naval Staff Given Perpetual War-time Powers

THE already strong grip of the Army and Navy clique upon the destinies of the Japanese Empire has been riveted still more firmly by an amendment to the statutes of the Naval Staff which has just come into force. By the terms of the new amendment the power of the Naval Staff is greatly increased, so that the head of the Staff has equal control over the Navy in time of peace or war. This is deemed indispensable by the Japanese Naval authorities, particularly in view of the unsettled state of affairs all over the world and in view of the approach of 1936 when an international naval conference will be held as a continuation of the Washington and the London naval parleys.

In Article 3 of the Naval statutes as they have stood up to this time it has been provided:

> "The chief of the Naval Staff deals with matters of national defense and tactics and his plans will be transmitted to the Navy Minister after they have received the Supreme Commander's sanction. However, in the event of Imperial headquarters not being established in time of war, the chief of the Naval Staff transmits matters concerning strategy."

According to the foregoing provision, in time of peace, the chief of the Naval Staff has dealt with matters of defense and tactics, but it was left to the Navy Minister to put them into execution. Only in rare cases—as in the case of the World War—did the chief of the Naval Staff enjoy the prerogative of handling naval matters independent of the civil arm of the Government. The new amendment fundamentally changes this provision and places the exclusive right to deal with the Navy in time of peace, as in war, in the hands of the Chief of Staff. As a matter of form, the decisions of the Chief of Staff have to be approved by the Emperor; but the point is that whatever action is taken is done independent of the Naval Ministry. Rather far-reaching changes are being prepared also in other rules and regulations regarding the Navy, all tending to divorce the Navy from any form of civil control.

The significance of the coming into force of this amendment at this time is that it happens on the eve of the Disarmament Conference. This new regulation, giving the head of the Japanese Navy supreme authority even in peace time, has as its object to prevent Japanese civilian officials from agreeing to naval reductions over the heads of the Japanese naval authorities—as happened at the Washington and London Conferences. The fact that civilian Japanese officials had so agreed at the Washington and London conferences was the impelling motive for the "patriotic" demonstrations at the recent trial of assassins, from the ranks of the Navy (the so-called May 15 incident, when Premier Inukai was murdered) the excuse for the murdering being that "corrupt" politicians had agreed to naval reductions over the heads of the navy group.

The *Asahi* stated that War Minister Araki at a conference with Navy Minister Osumi fully approved of the measure to define accurately the prerogatives of the Supreme Command of the Navy, pointing out, incidentally, that the prerogatives of the Army Supreme Command have already been definitely established between the Army General Staff and the War Minister.

⁂

Japanese Militarists Use the Soviets as a Bogey

The Japanese War-office issued a statement in Tokyo, Sept. 29 that the Soviet now possesses a peace-time army of over a million and a quarter men with the most powerful and most modern arms and equipment. It was also stated that the Soviets are increasing their military preparations in the Far East, including an air force with scores of powerful bombers able to "attack the Japanese capital in the event of war." The War Office added that there is need for large appropriations for modernizing its army for the purpose of protecting Manchukuo and Japan itself adequately against this menace. The statement went on to say that Japan is in dire need for the replenishment of her military equipment and for the perfection of her war materials in order to ensure peace and order in Manchukuo as well as to oppose foes that may endanger the existence of Manchukuo. Causes which have prompted the Japanese army to make replenishments, the statement added, are the progress made by the foreign Powers, especially the Soviet Union, in the perfection of military equipment, the recognition of Manchukuo, and the complicated international situation in the Far East.

The destroyer *Nenchi* was formally handed over to the Japanese Navy by the Uraga Dock Company at Yokosuka, Sept. 29.

The *Okujira*, 7,500-ton submarine depot-ship which has been under construction at the Yokosuka Naval Arsenal since April 12, is to be launched on the afternoon of November 16.

In order to decide on a unified diplomatic policy following Japan's withdrawal from the League of Nations the Minseito, the second largest party in the Japanese House of Representatives, held a special meeting Sept. 30, and adopted a resolution, that every effort shall be made by the political party to extend a warm support to the new state of Manchukuo to ensure the healthy development of the state and that proper measures shall be taken to induce the Chinese Government to understand fully the fundamental policy of the Japanese Government to contribute towards the establishment of peace and order in the Far East, as well as to discourage the unlawful anti-Japanese movements in China for the mutual prosperity and existence of both China and Japan.

⁂

Japanese Trade Improves

Trade statistics compiled by the Tokyo authorities for the first nine months ending September 30, show that as against a total import of Yen 1,420,000,000, the total export was Yen 1,321,000,000, leaving an unfavorable trade balance for the period of Yen 69,000,000. This shows a marked decrease in the excess of import, as compared with that of Yen 114,000,000 recorded for the corresponding period last year.

Eigo Fukai, Vice President of the Bank of Japan and Viscount Ishii passed Hongkong, Sept. 29 on his way back to Japan from the World Economic Conference in London, Interviewed Mr. Fukai said it is not necessary for Japan to stick to her old markets abroad, where Japanese products have been banned, but she would do better to open new markets where her commodities are welcomed.

Since the appearance of Soviet gasoline in the Japanese market, keen competition has been going on between the Matsukata-Soviet joint enterprise and the group of the six oil merchants (including the Standard Oil and Rising Sun) for the sale of gasoline. The Japanese Department of Commerce and Industry is in the meantime investigating the matterof importing Soviet crude oil.

The *Osaka Mainchi* Sept. 23 reported that the quotation for 4% bonds continues to fall. The decline of the No. 1 and No. 2 issues is especially remarkable. Although the market price of both the No. 1 and No. 2 issues was Yen 100.35, as against the face value of Yen 100, on August 31 this year, it is now about Yen 98. The direct

cause of the sharp decline is the Bank of Japan's sales of new 4% bonds at Yen 98.50 to the amount of Yen 200,000,000 and the consequent absorption of funds in the open money market by the Bank. The call money markets in Tokyo and Osaka have become unusually tight as a result.

Cho Tetsuju, a 26-year-old Korean, was one of the eleven men who passed the examination for diplomatic service, according to an announcement made by the Japanese Foreign Office Sept. 27. The future diplomat graduated from the Law School of the Tokyo Imperial University last year.

Japanese newspapers state that the Government will work out a fundamental national policy on the basis of plans made by War Minister Lieut.-General Araki. The War Minister first had a conversation with Finance Minister Takahashi for three and-a-half hours on Sept. 7 regarding plans of fixing the national policy, and since then he has had conversations with Navy Minister Admiral Osumi regarding his plans. Each of the Cabinet Ministers will work out concrete plans, on the basis of the plans proposed by the War Minister.

War Minister Araki recently told the *Osaka* Mainichi: —"Politics is a living process. National policy is not a thesis. A thesis written on a desk does not always hold good. Sometimes a clumsy policy succeeds. National policy must reflect the minds of the people. I do not know what the people think now. It is difficult for us to grasp the public mind, but we must do that. If we grasp the minds of the people it will be quite easy for us to fix the national policy. We must see how far the people are determined to put up with difficulties and what their aspirations are."

Baron Wakatsuki, former Premier and the President of the Minseito Party, will be the principal speaker in a district party convention to be held in Nagoya on October 11, when the policies and platform, as drawn up lately by the Party Headquarters in accordance with the changes of conditions, will be announced.

Many Arrests of Alleged Communists

The Thought Policy Committee, which has recently produced a plan in regard to the control of ideas, is now directing attention to measures for social reform. Matters engaging its attention at present are:—How to prevent and relieve unemployment; how to prevent diseases and how to provide better facilities for medical aid for the poor; how to improve the present equipment for the prevention of poverty and the relief of the poor; how to better the relations between Capital and Labor and how to accord better protection to the working classes; and how to deal with the increasing population.

The Osaka Prefectural police recently arrested Chuhei, Okada and 22 others at various places in the city by mobilizing all officers of the "thought department." The prisoners are all leaders of the supporters' association of the Ronoto (Labor-Farmer Party) organized by left wing lawyers, who were recently arrested by the Metropolitan Police Board for distributing disquieting handbills on International Young Men's Day, Sept. 3.

Six members of the Patriotic Labor Party, who were arrested in connection with a plot to murder cabinet ministers on July 11, were formally indicted at Tokyo, Sept. 28.

Sei Kubo, a young woman of 29, daughter of a "highest tax-payer" of Tochigi Prefecture, was examined last week by the Tokyo police. It is alleged that since she graduated from the Women's College, she has been canvassing for funds for the Communist movement, in which she takes a great interest.

Following arrests of Communist students in the Shizuoka High School, there has been a big round-up of supposed Communists at various places in the prefecture. Eighty were arrested altogether, some in nearly every town. Their offence is said to have been chiefly the distribution of Communistic literature among local factory workers.

Judge's Son Arrested as Communist

On September 10 twenty Communists were arrested in Tokyo, one of them being a judge's son. Their particular offence is an attempt to resuscitate the Young Communists' Section, to which end they published a journal called *Lenin*. The judge's son is Masao Maesawa, who was expelled from the Tokyo Imperial University. His father is President of the Osaka District Court.

Three suspected Communist agitators, a former Buddhist priest, the son of a member of the House of Peers, and the 20-year-old daughter of a member of the Tokyo Astronomical Observatory were arrested recently in Tokyo. The former priest is Junei Akiyama, 24, who was discharged recently from the Kokuryu Temple in Nippori for persistent spreading of radical thought among worshippers. The youth is Kiho Kano, a graduate from the middle school attached to the Tokyo Higher Normal School. He was expelled from Shizuoka Higher School, last January for Communistic activity among the students. The girl is Miss Toshi Ogawa, accused of stealing Yen 2,150 from her father in June of 1932 and turning it over to Teruhiko Tsurumaru, alleged head of the central financing department of the Communist party.

Eleven former army cadets, who were given the sentence of four years' prison terms on charges of having involved in the May 15 incident, were sent to the Toyotama Penitentiary Sept. 29.

Army Sergeants "Sore" on Police

Three drunk and angry army sergeants were taken in tow by the Tokyo gendarmerie Sept. 23 following their arrest by the police in Jimbocho, Kanda, where they created a commotion. One of the sergeants, aroused because he was refused admittance to a cafe near the Salvation Army Headquarters, drew his saber and chased the cafe waitresses through the streets; invaded a store, with his two comrades, in which he thought the girls had fled for refuge, and afterward threatened to use his sword on a policeman called to quell the miniature riot. At the police station where they were originally arrested the sergeants were furious. "Who were the civilian police, to think they could arrest soldiers? Were army sergeants to be insulted by submitting themselves to being questioned by the civilian police? No," they shouted.

Dr. Schurman Says Philippines Should Be Free

Dr. Jacob Gould Schurman, former United States Minister to China and member of the Philippine Commission, delivered an address on "The United States and the Philippines" at the tiffin meeting of the Shanghai Rotary Club, Sept. 28.

Among other things, Dr. Schurman says that American acquisition of the Philippine Islands at the end of the last century was entirely unintentional—they fell into the hands of the United States as an unexpected result of her war with Spain. The American task in the Philippines, he said, has been completed. The Filipinos have reached the limit of advancement and of education in democracy that they can achieve under American guardianship. If they are to go further they must be free to strike out for themselves.

Already they are a homogeneous, united, self-governing people. Public order is admirably maintained. Government finances are in a sound and healthful condition. The currency is stable. Trade has reached in good years a value of $300,000,000 a year. The Islands produce annually about a million tons of sugar.

The Filipinos want independence, the speaker said; he had reiterated during the last thirty years that when the Filipinos were fit for independence the American people would grant it to them, if they still continued to desire it. He said he was convinced that the American nation would not hold an alien people against their will under American domination.

Chapei Insurance Claimants Invade A.A.U. Office

Upwards of a hundred members of the Chapei Fire Insurance Claimants' Association invaded the offices of the American Asiatic Underwriters, Shanghai, Sept. 29 for the purpose of securing payment under policies of insurance covering properties destroyed by the Japanese War activities almost two years ago. The Association has now completed calls on almost all the Chinese insurance companies involved, and has now started in on the foreign insurance companies. Members of the Association also called the insurance office of Andersen, Meyer and Company. The organization boasts a membership of more than 10,000. The number of insurance companies involved totals 156, while the claims amount to more than $10,000,000. The insurance companies decline liability. On the following day members of the Claimants' Association invaded the Lee Building where the Shanghai Insurance Association has its office.

AGENTS OF FOREIGN AIRPLANE AND EQUIPMENT MANUFACTURERS IN CHINA

OCTOBER 7, 1933. COLLECTED AND LISTED BY TRYPHON KU.

NATIONALITY	NAMES OF AGENTS IN CHINA	NAMES OF FACTORIES	TYPES OF PLANES	NAMES OF EQUIPMENT
American	Consolidated Aircraft Corp. 865 Ave. Foch, Shanghai.	Consolidated Aircraft Corp.	Primary Trainers, Model 21-C & 21-A basic Trainers and Observations, Convertible light Bombers, Observations, etc. (Thomas Morse), High speed, Eight-place mail and passenger planes, 16-place mail and passenger planes.	
		Fleet Aircraft Company	Primary Trainers.	
	The L. E. Gale Co., Fed. Inc., U.S.A. Head Office 48 Rue Dautremer, Hankow. Local Office H. & S. Bank Bldg., 12 The Bund, S'hai.	Kinner Aircraft and Motor Corp.	Trainers.	
		United Aircraft Exports, Inc. (for Hunan, Hupeh, Honen, Szechuen, Kansu, Shensi, Shansi).	(See The Far Eastern Representative of United Aircraft Exports, Inc.)	
		Waco Aircraft Company	Fighting planes, Commercial planes, Sports planes, Trainers.	
	Hosken Trading Co., Inc. 19 Yuen Ming Yuen Road, Shanghai.	Fairchild Aviation Corp. { Fairchild Aerial Camer Corp. / Fairchild Aerial Surveys Corp. / Fairchild Airplane Mafg. Co.	Photographic, training and Commercial planes.	Aerial Cameras, Camera guns. Complete equipments for Aerial Survey work.
		Granville Brothers Aircraft Corp..	Single seater high speed pursuit monoplanes, High speed mail, Commercial and Sports planes.	
		Switlik Parachutes Company		Standard U. S. Government Parachutes.
		Pioneer Instrument Company		Aerial Instruments.
	Intercontinent Aviation, Inc. (Curtiss-Wright Corp.) Hamilton House, Kiangse Road, Shanghai.	Curtiss-Wright Corporation:		
		Curtiss-Aeroplane and Motor Co.	Pursuit, Bombing, Attack, Training, Commercial and Sports Airplanes.	
		Wright Aeronautical Corporation		Cyclone, Whirlwind, Conqueror and Challenger engines.
		Curtiss-Wright Airplane Company		
		Douglas Aircraft Company	Bombing, Observation, Attack, Commercial and Training Airplanes.	
		Speery Gyroscope Company		Search lights, Sound locators, Directionalgyros, Horizon finders, Maritime equipments.
	United Aircraft Exports, Inc. 865 Ave. Foch, Shanghai.	Boeing Airplane Company	Military pursuits, Bombardment aircraft, and the World's fastest Bi-motored transports—ten passengers. Speed 171-191 m.p.h.	
		Chance-Vought Corporation	Observation, Light Bombardment and Attack planes.	
		Hamilton Standard Propellor Co.		All-metal adjustable propellors and Controllable pitch in flight propellors.
		Irving Airchute Company		"IRVIN" Parachutes.
		Stearman Aircraft Company	Military, Commercial and Sports planes.	
		Sikorsky Aircraft Company	The largest Amphibian planes.	
		Pratt & Whiteney Aircraft Co.		Wasp and Hornet motors.
British	Arnhold & Company, Ltd. Sassoon House, 1 Nanking Road, Shanghai.	Blackburn Aeroplane & Motor Co., Ltd.	Pursuit and Bombing planes.	
		British Russell Parachute Co., Ltd.		Parachutes.
		Cellon Limited		Aircraft Dopes.
		Chance Brothers & Co., Ltd.		Glass and Aerodrome lighting equipments.
		De Havilland Aircraft Co., Ltd.	Moth-planes for Civil and Military Training.	Gipsy engines.
		Reid & Sigrist, Limited		Aeronautical instruments.
	Far-East Aviation Co., Ltd. Registered Office Asiatic Bldg., Hongkong. Shanghai Office 227 Szechuen Rd., S'hai.	Armstrong Siddeley Motors Ltd.	Military and Commercial aircrafts.	Aircraft aircooled engines.
		Armstrong Whitworth Aircraft Ld., Sir W.G.		
		Brown Brothers		Aircraft Accessories.
		Bruntons (Musselburgh) Ld.		Aircraft Material.
		B.S.A. Guns Ld.		Guns and Ammunitions.
		Cierva Autogiro Co., Ld.		
		Cirrus Hermes Engineering Co., Ld.	Commercial and Sports aircrafts.	
		Comper Aircraft Co., Ld.	Sports and Training aircrafts.	Aircraft aircooled engines.
		Handley Page Limited.	Heavy Military and Commercial aircrafts.	
		Irvin Air Chute Co., Ld. (Canada)		
		S. Lewis		Parachutes.
		Monarch Engineering Co., Ld.		Flying clothing.
		Reynolds Tube Co., Ld.		Bombs.
		A. V. Roe & Co., Ld.	Training, Military and Commercial aircrafts.	Tubing.
		Saunders-Roe Ld.	Military, Commercial, Amphibians and Flyingboats.	
		Short Bros. (Rochester & Bedford) Limited	Military and Commercial flyingboats.	
		Sinton & Co., Ld., Thos.		Aircraft material.
		Smith's Aircraft Instruments		Aircraft Instruments.
		Spartan Aircraft	Commercial and Training aircrafts.	
		Titanine-Emaillite Ld.		Dopes and Paints.
		Westland Aircraft Works	Military and Commercial aircrafts.	
		Williamson Manufacturing Co., Ld.		Aircraft Cameras.
	The Jardine Engineering Corp., Ltd. 8a Yuen Ming Yuen Rd., Shanghai.	Vickers (Aviation) Ld.	Military, Naval and Commercial aircrafts.	Aviation supplies.
		Supermarine Aviation Works.	Military and Commercial Flyingboats.	
		Bristol Aeroplane Co., Ld.	Military aeroplanes.	Aircooled engines.
		Vickers Armstrongs Limited		Guns, Bombs, etc.
	Reiss, Massey & Co., Ltd. 15 Museum Road, S'hai.	Hawker Engineering Co., Ld.	Fighters, Bombers, Trainers, Reconnaisance planes.	

(Continued on Succeeding Page)

AGENTS OF FOREIGN AIRPLANE AND EQUIPMENT MANUFACTURERS IN CHINA

(*Continued from Preceding Page*)

NATIONALITY	CHINA NAMES OF AGENTS IN	NAMES OF FACTORIES	TYPES OF PLANES	NAMES OF EQUIPMENTS
Italian	R. V. Bay 105 Palace Hotel, 2 Nanking Road, Shanghai.	Aeroplani Caproni	Military and Civil planes.	
	C.I.D.E.O.—Marelli (Industrial Dept.). 16a Kiukiang Road, Shanghai.	Isotta Frachini Magneti Marelli		Egines for planes. Magnators, Plugs, Starting-devices, Switch boards, Illumination and Heating installations, Bombing Releaser, Special unmobilised liquid Batteries.
		Salvator Soc. An. Fiat	Commercial and Touring planes, Bombing and Pursuit planes, Observation planes for general purposes, Hydroplanes for Commercial and Military uses.	Parachutes. Aviation engines, Airfield installations.
		Soc. Italiana Ernesto Breda	Commercial and Touring planes, Bombing and Pursuit planes, Observation planes, Special planes for advanced Military, Civil and Aerobatic training.	
	May-Kee (China), Ltd. (Swiss Firm) 2 Canton Rd., Shanghai.	Soc. Idrovolanti Alta Italia "Savoia-Marchetti"	Seaplanes and Landplanes for Civil and Military purposes.	
Czechoslovak	Vaclav Havlicek 649 Hamilton House, Kiangse Rd., S'hai. Skoda Works 24 The Bund. Shanghai.	The Czechoslovak Military Airplanes Factory. "Letov"	Pursuit, Fighting, Bombing, Training planes, Observation and Long distance scouting planes.	
		The "Avia" Airplane Factory	Commercial, Training, Fighting and Bombing planes.	
German	Siemssen & Company 451 Kiangse Rd., S'hai.	Junkers-Motorenbau G.m.b.H.	Commercial: Passenger, Heavy-fright, Sport and Training planes; Scientific: Airsurvey and Aero-photogrammetry planes; Military: Bombers, Fighting and Scouting planes.	Aero-engines.
Chinese	China Silk Appliances Co. 32c Brenan Rd., S'hai.			"SAFETY CHUTE" Parachutes.
	Naval Airplane Factory, Amoy, Fukien Province.	Government Owned	Observation and Battle Planes.	

List of French Airplane Manufacturers Who Have Supplied Planes in China

Louis Breguet,
24 rue Georges Bizet, Paris (XVIème).
Caudron,
52 à 72 rue Guynemer, Issy-les-Moulineaux, (Seine).
Liore et Olivier (Dewoitine),
66 rue Boissière, Paris (XVIème).
Morane-Saulnier,
3 rue Volta, Puteaux (Seine).
Nieuport-Delage,
40 à 50 Boulevard Gallieni, Issy-les-Moulineaux, (Seine).
Henry Potez,
75 Avenue des Champs-Elysées, Paris.

List of French Airplane Manufacturers Prepared to Deliver Commercial or Military Planes in China

Ateliers et Chantiers de la Loire,
4 rue de Teheran, Paris (IXeme).
Societe des avions Bernard,
67 rue de la Convention, La Courneuve (Seine).
Bleriot-Aeronautique,
Quai Marechal-Gallieni, Suresnes (Seine).
Chantiers Aero-Maritimes de la Seine,
5 rue de Bucarest, Paris.
Societe Anonyme des Chantiers Aeronautiques Wibault-Penhoet,
7 rue Auber, Paris (IXeme).
Societe Anonyme des Ateliers d'Aviation Louis Breguet,
24 rue Georges-Bizet, Paris (XVIeme).
M. Caudron,
52 a 72 rue Guynemer, Issy-les-Moulineaux (Seine).
Avions H. et M. Farman,
167 rue de Silly, Billancourt (Seine).
MM. Gourdon-Leseurre,
25 rue Kruger, Saint-Maur (Seine).
Avions Hanriot,
200 route de Bezons, Argenteuil (Seine et Oise).
Societe Industrielle d'Aviation P. Latecoere,
79 Avenue Marceau, Paris (XVIeme).
M. P. Levasseur,
17 Place Felix-Faure, Paris (XVeme).
Hydravions Latham,
Caudebec-en-Caux (Seine-Inferieure).
Etablissements Liore et Olivier,
66 rue Boissiere, Paris (XVIeme).
Aeroplanes Morane-Saulnier,
3 rue Volta, Puteaux (Seine).
A.N.F. (Avions et Hydravions Mureaux),
49 bis, Avenue Hoche, Paris (XVIeme).
Nieuport-Delage,
40 a 50 Boulevard Gallieni, Issy-les-Moulineaux (Seine).
M. Henry Potez,
75 Avenue des Champs-Elysees, Paris.
Hydravions Schreck,
Quai de Saine, Argenteuil (Seine et Oise).
Societe Aerienne Bordelaise,
40 a 50 Boulevard Gallieni, Issy-les-Moulieaux (Seine).
Societe Aeronautique Francaise (avions Dewoitine),
66 rue Boissiere, Paris (XVIeme).
S.E.C.M. (Avions Amiot),
177 Boulevard du Havre, Colombes (Seine).
Societe Provencale de Construction Aeronautiques,
3 rue de la Baume, Paris (VIIIeme).
Societe Generale Aeronautique (groupement des Usines C.A.M.S., Hanriot, Lorraine Nieuport, S.E.C.M. (Amiot-Latham), Societe Aerienne Bordelaise).
200 route de Bezons, Argenteuil (Seine et Oise).

List of French Airplane Manufacturers Specializing in the Manufacture of Airplane Motors

Renault, a Billancourt (Seine).
Societe des moteurs Gnome-Rhone Jupiter,
34 rue de Lisbonne, Paris.
Societe des moteurs Salmson,
a Billancourt (Seine).
Societe "Lorraine",
200 route de Bezons, Argenteuil, (Seine et Oise).
MM. Penhard et Levassor,
19 Avenue d'Ivry, Paris (XIIIeme).
M. Farman,
149 rue de Silly, Billancourt (Seine).
Hispano-Suiza,
rue du Capitaine Guynemer, Bois-Colombes (Seine).

Japanese Seize Religious Literature from an American on Board Ship at Yokohama

Nearly a truckload of publications bearing the imprint of the Watch Tower Bible and Tract Society and the International Bible Students' Association of New York were seized as objectionable literature by Yokohama water police aboard the Dollar liner *President Coolidge*, while it was moored at Yokohama Sept. 25, on its voyage from the United States. The tracts and booklets were in English, Spanish, Chinese and Japanese, and were taken from Joseph Santos, 37 year-old American citizen of Portuguese ancestry, who boarded the ship at Honolulu. Santos was not permitted to land at Yokohama, although he denied he had intended to distribute the literature in Japan. The Japanese police held that the publications were likely to threaten public safety and lead to dangerous thoughts. Titles of the publications include The People's Friend, the Crisis, Reconciliation, Oppression, Vindication, Kingdom, The Hope of the World, Creation, Prophecy and the Harp of God.

Chinese Rubber Trade Hit By Foreign Competition

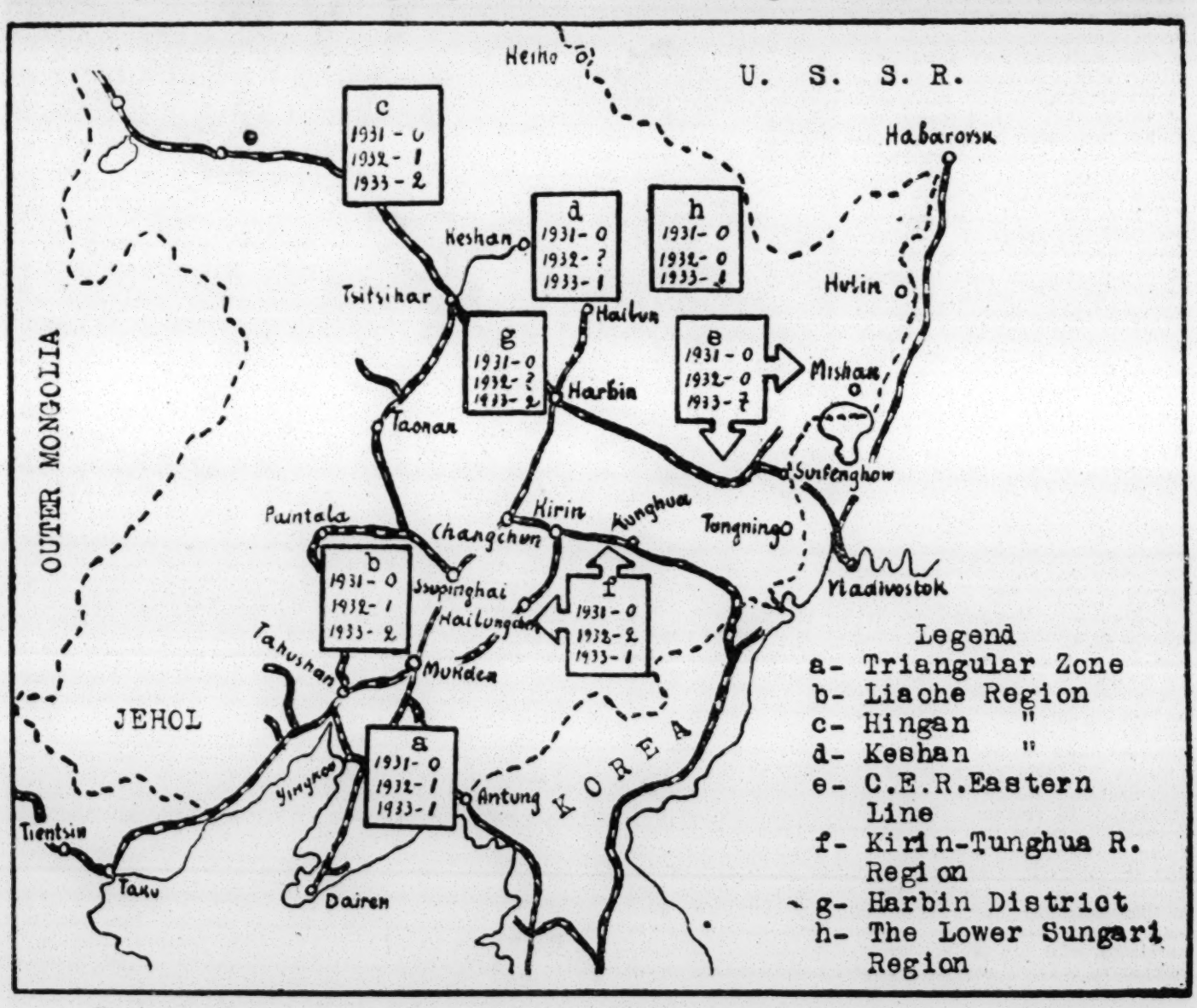
The Chinese rubber trade has lately been much depressed as a result of foreign competition, according to information from the Rubber Trade Union in Shanghai. As a result of keen competition from foreign products, four of the largest Chinese factories have already gone into liquidation. The rubber manufacturers are pressing the Government to impose a dumping tax on imported rubber goods.

How the Japanese Have, and Have Not, Exterminated the Bandits

(From the Review's Correspondent at Harbin)

FOR a general reader, interested in Manchurian affairs, it has become a painstaking task to make any sense out of a maze of reports about battles, skirmishes, hold-ups, etc., now continuously going on between the Japanese and Manchukuo forces on one side and the so-called "bandits" on the other, so that it is no wonder if the whole matter has become a complete puzzle for him. During these two years of relentless fighting in Manchuria, many a name has come to the public notice which under usual conditions would have gave down to obscurity quite unnoticed; yet a careful observer may have detected certain ups and downs of the struggle, permitting even a sort of classification. It is certainly too early yet to write the history of the struggle—at present, a maze of events, occurring with a rapidity almost defying any recording, renders the task of a historian a thankless one. However, even now an attempt may be made to discern and describe the general course of events consequent to the appearance of the "State" of Manchukuo, and general resentment thereto.

For the last two years, it has been the writer's self-imposed task to write short sketches at regular intervals on the course of the armed struggle, and it has been his idea that said sketches may contribute something for the understanding of the Manchurian war and may, specifically, serve as useful material for future historians. One of such articles, dealing with the events occurring in 1932 appeared in *The Review* for January 7, 1933, to which the reader is kindly referred, if he is interested in obtaining a wider view of the drama. In the said article, I quoted the official estimates of the Japanese war authorities that by April, 1932, the total number of anti-Manchukuo and anti-Japanese forces in Manchuria was estimated at about



The squares in this map indicate the most troublous regions of Manchuria in the current year, where the activities of volunteers against the allied Japanese-Manchukuo forces have been especially conspicuous. The right hand figures in the squares indicate the number of major attempts to re-conquer the named regions by the Japanese and Manchukuo forces during the last twenty months.

300,000, all subdivided into eight route armies. It was also stated that these forces had a certain centralized organization, hence their activities had a character of being well planned and coordinated. It had become, therefore, a task of foremost importance for the Japanese high command to break up that evident unity of the National Salvation Army—in which, after six months of pitched struggle, it succeeded—the composing units of the loyalists breaking up and dispersing, but have since continued the struggle independently of each other.

No Arsenals—No Source of Supplies

Dealing with the causes for the defeat of the N. S. Army I stated that—(1) the army had no arsenals and no reliable supply of arms, ammunition and funds, (2) it was scattered over a vast territory with consequent difficulties in communication and movements of troops, (3) it had many irregulars and mere bandits as component units, which fact had a deteriorating effect on the discipline and morale of the army itself, (4) it had no recognized leader of outstanding personality, its leaders being men wholly unprepared for the emergency of such a magnitude,—and that, because of these inherent weaknesses of the movement, it must have been defeated. However, the last year's operations of the N. S. Army will come down to history as having a centralized character, which however cannot be said of operations of this year. As I have predicted in the closing paragraph of the stated article, the loyalists' activities of this year assumed a distinct character of organized guerilla warfare in which, as time passes, the loyalists are showing an ever-increasing degree of proficiency and expertness.

Because of the said character of the struggle, it has become extremely difficult to analyse its different phases, and for that purpose the best method seems to be the reviewing of events by different regions. We can no longer speak of general onslaughts by the N. S. Army as was the case with the operations of last year; now the attacks, and always by small forces, are being made at different and widely separated places and bear no evidence of being planned nor controlled by the central organization. Hence the best method of analysing the struggle is by regions. Before proceeding with our task it should be noted that the operations around Shanghaikwan in the end of December, 1932, the Jehol operations and the operations beyond the Great Wall and in the Tientsin-Peiping district of last spring are not treated in this sketch for the reason that said campaigns were made outside Manchurian territory and against forces unrelated with the N. S. Army. The history of these campaigns is fairly well known, and may therefore safely be passed over in the present case.

The accompanying map of Manchuria may serve as an illustration, the small squares indicating *the most* troublous areas—the right side figures in squares indicate the number of Japanese military expeditions for conquerring said areas and their neighborhood in any given year since September, 1931. However, it should be borne in mind that thus are indicated only *major* military expeditions of the Japanese or the Manchukuo armies; countless small engagements with the volunteers, having no character of organized and well planned drives, are excluded entirely. In fact, they defy any kind of analysing. In some places I could not make out when the one drive began and the other started, so I had to indicate it by a question mark. Since the country is far from being conquered entirely, it is evident that, in future, the squares in our map will have to be extended downward to give space for the further recording of future military drives.

The Chinese volunteers, commonly referred to as "bandits" in Japanese reports have, in the course of these twenty months, become experts in guerilla warfare, which accounts for the widespread disturbances to suppress the rebellion.

(a)—Triangular Zone

As the readers of Japanese military reports may have observed, this zone is made up of a big space of territory lying between the Dairen-Mukden Line of the S. M. R. on one side and the Mukden-Antung Line of the same railway on the other, the sea coast from Dairen to Antung making up the base of the triangle. It is a vast region thickly dotted with high mountains and thick forests which fact accounts for the dogged resistance of "bandits" or whoever they are during these two years. In the article, referred to above, we stated that the *eighth*, since the occupation of Mukden and Changchun, drive of the Japanese army in Manchuria was started on December 13, 1932, and at the time of writing the article (December 28, 1932) was in full swing. Now we may end the review of the said drive as follows:—

Eighth Drive

Objective:—Clearing away the district named from the "bandits" and their allied forces, the Big Swords and the Red Lances, estimated at 500 and led by Lao Pei-feng.

Commenced: December 13, 1932.

Ended: About January 10, 1933, by occupation of Takushan and the dispersion of "bandits".

Troops: The Mukden and Antung Railway Guards and several Manchukuo detachments all commanded by Major-General Iida. Noted battles at Suyuan and Takushan.

Ninth Drive

Objective: Clearing away the same district (for the second time) from the bandits led by Tien Do, Wei Do, Wei Be-nem, Li Tsun-wen, who reappeared again.

Commenced: June 19, 1933, and at the time of writing this still continues.

Troops: The Yamane contingent (of unreported strength) and several Manchukuo troops, assisted by the Navy from the seacoast. Noted battles in the vicinity of Anshan (where the famous iron works is located) and near Takushan.

(b)—Liaohe Region

This region is made up of a territory inclosed by four railways, namely, a portion of the Peiping-Mukden Railway, the Takushan-Paintala Railway, the Paintala-Ssupinghai Railway and the S.M.R. Main Line in the east. The first drive for clearing the district away from bandits was initiated early in January, 1932, but as further developments indicated it became imperative to re-conquer the district anew.

Tenth Drive

Objective:—Clearing away the said district from bandits (as said, for the second time).

Commenced: January 23, 1933, ended early in February.

Troops: Units of the newly organized Manchukuo Army under command of Lieut.-Gen. Yu Tsu-shan. Opposed by many small bands, which, however, avoided pitched battles with the government troops.

Eleventh Drive

Objective:—Clearing away the same district (for the third time) from the bandits, who reappeared again, this time led by Tien Shan-hao, his own band numbering about 500.

Commenced: May 13, 1933, ended May 20, by dispersion of bandits.

Troops: The Manchukuo units under unreported leadership.

(c)—Hingan Region

This region is made up of hilly tracks of land lying on both sides of the Chinese Eastern Railway west of Tsitsihar; it was noted for the operations of the Japanese army against Gen. Su Ping-wen in the closing months of 1932. This drive was wholly ineffective to bring about the pacification of the region, so it was followed by two more successive drives.

These rebels captured in action, seem to have resigned their fates to those whom they regarded as "invaders" and "rebels."

Twelvth Drive

Objective:—Clearing away the region named from the bandits, the most noted of whom was Nan Chin-fan.

Commenced: January 4, 1933, and ended January 25 (roughly) by dispersion of bandits.

Troops: The Endo's cavalry contingent of unreported strength. Noted battles at Chenghis-han station and Nantzishan station of the C.E.R. and also near Keshan.

Because of the ineffectiveness of this drive, the Japanese high command had to send out on June 18, 1933, another isolated drive into the neighborhood of Wuchenfanloo to subdue the so-called First Battalion of the N.S. Army. The battalion was afterwards reported to have dispersed into the mountains.

(d)—Keshan Region

Under this is arbitrarily designated a vast territory lying between the C.E.R. Harbin-Tsitsihar Line in the south and the Hulan-Hailung Railway in the north, this one extended to the populated town of Keshan, terminus of the Tsitsihar-Keshan Railway. The region was noted for the pitched struggle between the Japanese army and General Ma Chan-shan in the summer of last year in which it was erroneously reported that the last-named general had been killed in action.

Thirteenth Drive

Objective:—Clearing away the said district from bandits most noted of whom were Tang Liang-liang (lately imprisoned and executed at Tsitsihar), Son Chin-shan (said to be willing to surrender) and Lao Li-shen (leader of about 2,000 bandits).

Commenced: July 1, 1933, ended about August 1.

Troops: The Japanese cavalry troops under unreported command. Noted battles at Bayan (near Suihua) and at Lamulindzi (near Hulan).

(e)—The C. E. Railway Eastern Section

This region has proved to be the most difficult one for pacifying and despite several expeditions against bandits and hunghudze undertaken at intervals by the Japanese and Manchukuo armies, the region still seethes in wide, spread disturbances. The hilly character of the country, mostly covered by impenetrable forests, and the absence of good roads are the main reasons why the small and quickly disappearing bands of rebels and hunghudze have been able to evade the government troops and continue the struggle up to the present. Another factor, responsible for the stubbornness of their resistance, is the closeness of the Soviet frontier, from which they undoubtedly receive moral and material support. To be fair to the Manchukuo-Japanese army it should be noted that, in 1931 and 1932, no big organized drive was undertaken by them against the rebels along the C.E.R. Eastern Line, therefore we had to put "nil" in the place of the number of drives in a square shown in the accompanying map. Exception to this was the region of Binsien, northward from the railway line and in the direction of Fuchin (in the Lower Sungari), in which a drive was made soon after the capture of Harbin by the Japanese. This fact is recorded in our map accordingly.

Fourteenth Drive

Objective:—Clearing away the C.E.R. Eastern Line from Harbin to Suifengchow (Pogranichnaya).

Commenced: January 2, 1933, ended January 23 occupying Suifenghow.

Troops: A division of Japanese troops under command of General Hirose, originally stationed at Harbin. Most noted contingents (of unreported strength) were of Sonobe, Hitomi, Taketomo, Hiraga and the armored trains under command of Kuroda. Opposed by—Lu Wen-kwei (at Mishanchen), Wang Teh-lin and Ho Chien-yi (near Sanchahe), Ting Chao (Mishanchen, Paitsuan), Kwan Chin-lu (at Suifenhow, commander of the 21st Chinese brigade, afterwards surrendered). Most noted battles at Mulin, Sochindzi Mishan, etc., too numerous to recite.

Fifteenth Drive

Objective:—Clearing away the district around Tungning, near the frontier.

Commenced: March 17, 1933, ended April 23 (roughly).

Troops: The Hiraga and the Ueno contingents of unknown strength, opposed by Te Ho, Tung Yan and the third one, unreported (battle at Tsingtsunho).

The region had to be cleared away for the second time—for June 6 to June 8—by the Matsuda cavalry contingent.

An isolated drive was undertaken by the Okamura detachment in the middle of May, 1933, against the band of Chan Shan, near Charlingchow (in the Tunging dis-

trict), which, however, did not prevent the bandits under Sun Chao-yan from attacking the town of Tunring on June 17.

Sixteenth Drive

Objective:—Clearing away the district around Mishan.

Commenced: April 6, 1933, ended May 1 (roughly).

Troops: The Isida and Nagata contingents, opposed by Tsi Chin-foo.

Seventeenth Drive

Objective:—Clearing away the district around Ninguta.

Commenced: June 6, 1933, and still continues.

Troops: Unreported Japanese troops had an encounter with the rebels at the Tsin Buho Lake.

Eighteenth Drive

Objective:—Re-conquering the Mishan and Hulin districts.

Commenced:—June 5, 1933, and still continues.

Troops: The Yamasaki contingent, assisted by the Manchukuo units, all of unreported strength, opposed by Feng Chu-ie, Chang Tung-shan, Kao En-shan, Ting Shan-hao, Chang Yui-tien. Numerous encounters. The land troops are being assisted by several gunboats along the Ussuri River. After the capture of Hulin by the government troops, the rebels retreated westward into the mountainous area of Kirin Province.

(f)—The Kirin-Tunghua Railway Region

This is a vast territory lying on both sides of the newly completed railway from Kirin to the Korean seacoast and has proved to be one of the hardest to conquer. Though the region was once "cleared away" from all bandits, rebels, hunghudze, or whoever they are, (and referred to as the sixth drive in our classification), it had to be re-conquerred again, the operations against them still continuing.

Nineteenth Drive

Objective:—Clearing the Kirin-Tunghua and the Kirin-Hailungcheng Railways of bandits and hunghudze.

Commenced: May 13, 1933, and still continues.

Troops: Several contingents under general command of Major-Gen. Nakamura, who is reported to be commanding, because of the vastness of the area, his troops from an airplane. Noted battles in the east of Tehlin (The Kobayashi unit), at Talinshinhodzu, near Moho, Laotoho, and at many other places too numerous to recite. Reported opposition leaders—Kou Tia-lin, Yi Chen-hai, Li Fu-den, Liu Kwei-wen, Wu E-shan, Yao Ke-shan, Ten Sen. Some of these leaders are reported to be ready to surrender.

(g)—The Harbin District

We had to designate a special heading for this district because, despite the firm occupation of the city itself by the Japanese and Manchukuo government troops, the district seems to be overrun by bandits and regular military campaigns against them are being undertaken at intervals when the situation becomes worse. A bandit lair is reported to be at a spot only seven kilometers off the city (as reported in the *Kung Pao*, Harbin, on June 19). Why they are not being dispersed entirely is a puzzle to the writer as well as to all residents of the city.

Twentieth Drive

Objective:—Clearing away the Harbin district from bandits and other lawless elements.

Commenced: June 8, 1933, ended about July 1.

Troops: The Manchukuo units under Gen. Yui Tsing-tao, all of unreported strength, and several gunboats, under command of Admiral Yin, assisted them from the river. Numerous encounters in which 500 bandits were killed or imprisoned, two bandit chiefs—Tu Tiang and Lo Wu-he—taken alive.

Twenty-First Drive

Since the recent increase of kidnapping cases in the city, supposed to be perpetrated by the bandits infesting the district and their members within the city, the authorities have started, on August 29, another drive for the "final" cleaning up the district from bandits, in which are participating all kinds of forces, including the police. Since the authorities maintain strict secrecy about the progress of the campaign, for any publicity about it may benefit the bandits, nothing has been reported about it, so we may pass it over for the present.

(h)—The Lower Sungari Region

This region extends northward from Harbin and along the Sungari and included in it are such towns as Fuchin, Sansin, Kiamissu, Lahassussu and Heiho (opposite Blagoveschensk). No military drive of any note was undertaken previously in this region, which fact may have accounted for a pitched struggle between the "Bandits" and the Japanese-Manchukuo forces, which still goes on.

Twenty-Second Drive

Objective:—Clearing away the district named from bandits and other lawless elements.

Commenced: March 3, 1933, and still continues.

Troops: Several Japanese and Manchukuo units of unreported strength hunt after the countless bands of rebels in guerilla warfare and in a most difficult terrain. Several Manchukuo gunboats are rendering, where possible, assistance to the land forces. The outlying districts along the Argun, the Amur, the Sungari and the Ussuri rivers are in possession of the "rebels" and, judging from present indications, it will be a hard task to bring the entire interior under the fold of the Manchukuo government. The Japanese estimate that no less than two years are required to pacify this district alone.

***

Such is the history of the seven months' struggle in Manchuria since last January and it is evident that the struggle is not likely to end this or next year. This is realized by the Japanese high command which is preparing itself for a long warfare and with a view to meeting the situation adequately has created a permanent Committee for the Maintenance of Peace and Order, with headquarters at Changchun and presided over by the hightest strategist of the Kwantung Army—the Chief of its Staff—which directs all military activities for subduing rebels and bandits. The declaration of the said Committee may have a historical interest and follows:—

"Last year, the aggregate strength of all bandit forces, including those under the leadership of Ma Chan-shan, Su Ping-wen, Li Tu and others, was estimated at 210,000, excluding those in Jehol Province. Now, after the lapse of a year, it may be said that only small groups of bandits and refugee soldiers can be found in this country, and that their total number, before the commencement of the forthcoming drive against them, cannot be over 60,000, those still remaining in Jehol Province being not included in this number, for, in Jehol, after the closing of a campaign against them, there still lurks about a good number of bandits and disorganized soldiers of the Chinese army.

"Now, with the approach of the kaoliang season, it is well to presume that the number of rambling bandits will increase and may, according to preliminary estimates of a certain responsible institution, reach the mark of 150,000 men, including those in Jehol. The recently organized Central Committee for the Maintenance of Peace and Order has to supervise all operations aimed at clearing away the entire territory of Manchukuo from banditry and hunghudze, the sad remnants of the past.

"It is hoped that, as a result of systematic and well planned drives against bandits and their allied forces, the country will at last get itself rid of this malady, existent in the country since time immemorial, and at last we shall have unprecedented peace and order, inaugurating the advent of the new era of the glory of Manchukuo and the principles of 'Wan Tao'".

Hope we may, for nobody forbids us to hope, but it seems that the era of warfare in Manchuria is not at the end, therefore, I fear we shall have to continue our account some time in January next.

Harbin, Sept. 30, 1933.

British Vice Admiral and Fleet Visit Japan

Vice-Admiral Sir Frederic Dreyer, Commander-in-Chief of the China Station of the British Navy arrived at Yokohama Sept. 28, aboard the cruiser *Kent*, accompanied by the *Falmouth*. The Governor of Kanakawa prefecture and the Mayor of Yokohama called on the Commander-in-Chief, after which he and his staff left for Tokyo, where he paid courtesy visits to the Minister of the Navy and the Chief of the Navy General Staff, who returned the visits at the British Embassy. In the afternoon Sir Frederic Dreyer visited the Imperial princes. Eleven other warships of the China Station will visit Yokohama on October 13.

Manchuria Will Not Solve Japan's Economic Problems

BY BEN DORFMAN

DURING the few months since I returned to the States from the Far East, I have been asked many questions vis-a-vis the Manchurian Controversy. One of the most frequently asked is, "What does Japan stand to gain economically as a result of her Manchurian adventure?", or more specifically, "What economic problems which confronted Japan in 1931 will she be better able to solve as a result of her control of Manchuria; and what problems, if any, will this control likely aggravate or precipitate?" I can think of no more profitable way to spend the next half hour or so, than in attempting to answer these questions. Please bear in mind that I shall make no attempt to deal with the moral, legal or military aspects of the controversy—only the economic.

First of all, what were the major economic problems which confronted Japan in 1931? The most serious, and the one from which many of the others followed, was the so-called "population problem." As you know, Japan Proper occupies an area slightly less than that of our own State of California; and only about one-sixth of the land is cultivable. On this relatively small plot of ground, Japan is at present supporting a population in excess of 66¼ millions—over half the population of the United States—and is faced with the prospect of having to support even larger number in the near future, or to provide the means for settling them outside of the country. Certain decelerating forces, such as fewer and later marriages and the increasing use of contraceptives are already at work and will very definitely prevent Japan from ever attaining the enormous numbers in the future of which alarmists both here and in the Orient frequently speak. The most competent students of the subject are of the opinion that Japan will never have as many as 100,000,000 people; that it is highly improbable that she will even have as many of 90,000,000; and that it is not unlikely that she will strike a plateau at not much over 80,000,000. Most of this increase will take place during the next decade or two, and it is during this period that Japan must face a great strain in providing necessities and employment for her expanding numbers. She must take care of at least nine millions more people by 1945 and in the meantime provide employment for at least 200,000 to 250,000 additional workers annually. No amount of birth control, incidently, will have any bearing on this latter problem, for the working population of the next two decades has already been given birth. I wish to stress the time element particularly. The needs of population must be provided as it expands; food, raw materials, markets and the like which the distant future may hold in store—no matter in what abundance—are of no avail in feeding, clothing and sheltering an existing population or in giving it employment.

No "Favorable" Balance Since 1918

Manchuria is often spoken of as providing, either directly or indirectly, the solution to Japan's population problem. Many people, particularly those not well acquainted with economic conditions in Manchuria, are of the opinion that this region will provide a direct outlet for a substantial part of Japan's annual increase. Some other persons are of the opinion that while Manchuria cannot absorb many Japanese, it can assist in supporting the larger numbers in Japan by making possible a greater industrialization of the Islands. These people believe that Manchuria will supply Japan with such a splendid and dependable source of food and raw materials on the one hand, and a market for finished goods on the other, that the resultant expansion of manufacturing and foreign trade will at least keep pace with the requirements of the expanding population. Such ideas have been given considerable publicity, particularly in discussions of a "Japan-Manchoukuo Economic Bloc." I shall presently have more to say about these possibilities.

A second important economic problem which faced Japan was that of balancing her foreign trade, that is to say, of selling enough goods and services to foreigners to pay for her imports of goods and services from them. This problem, as we shall later see, is very intimately related to the population problem.

In the past, Japan has generally found it impossible to sell enough goods to foreigners to pay for her imports of goods from them. Only for a few years in recent times has Japan been able to sell more goods than she has purchased, and not since 1918 has she had a so-called "favorable" balance of trade. It is perhaps worth a few moments to explain why this has been the case.

Cotton, Wool, Rubber and Nickel Must Be Imported

Japan's principal imports during recent years have been: raw cotton, machinery, wool, iron and steel, lumber, peas and beans, bean cake, wheat, coal, ammonium sulphate, mineral oil, sugar and rubber. Japan is dependent on imports for her entire supply of cotton, wool, rubber and nickel; for over 90% of her iron; and for over three-fourths of her lead, zinc, oil, dyes and chemicals. The great bulk of these imports may be considered basic necessities. To cut down on the consumption of these would seriously injure her peoples and hamper her industries. Further, several of Japan's most important export industries are wholly or partly dependent on imported raw materials. Such important Japanese exports as cotton tissues and yarns, knitted goods, refined sugar, wheat flour, paper, iron and manufactures thereof, will call some of these to mind.

During recent years, Japan's principal exports have been: raw silk, cotton tissues, silk tissues, knitted goods, potteries, paper, refined sugar, aquatic goods, wheat flour, coal, iron manufactures, and tea. The great bulk of the exports, in terms of value, have been either luxury or quasi-luxury goods, or manufactures of imported raw materials. In attempting to increase her sales of these goods, Japan has been confronted in recent years with such obstacles as a world-wide depression, low silver, rising tariff walls, increasing manufacture in consumption areas, natural disasters, and very keen foreign competition. Further, such is the nature of world demand for certain of her most important exports, that when Japan cuts prices to expand the volume of sales, she often obtains less in the aggregate for a greater volume than she probably would have for a smaller. Her price cutting has likewise invited the promulgation of numerous retaliatory or protective measures abroad.

To sum up the *visible* trade situation, we may say that Japan has found it well nigh impossible to sell goods enough to pay for her imports of goods. She is not blessed with natural resources and so must depend largely on imports to satisfy many of her domestic needs and those of her export industries. Her important domestically produced exports tend toward the luxury class and have been salable only in narrow markets which have become either periodically antagonistic or which have been hard hit financially. If Japan cuts down on imports, she tends to lower domestic efficiency and check exports; while if she attempts to expand exports, she tends to increase her imports and, in many instances, this expansion can only be effected by non-economic and suspicion-inviting price cuts. In addition, during the world depression, Japan has found that she must often buy in sellers' markets and sell in buyers' markets.

Japan's *invisible* trade, while not as discouraging as her visible, has likewise met with difficulties in recent

years. Despite this, however, she has ordinarily maintained a "favorable" invisible balance on current account, that is to say, she has ordinarily been rendering services to foreigners of a greater value than she has been hiring of them. Her receipts from shipping have been substantial though of shrinking importance more recently, a large portion of this income having been derived from the China trade. In passing, I should like to mention that one of Japan's foremost financiers—recently assassinated—had high hopes of Japan expanding her shipping activity as a means of increasing her income from abroad. So far as China is concerned, I suspect that Japan has permanently lost the opportunity of doing this. Another considerable source of income for Japan was derived from her business undertakings abroad, most of which were in Manchuria and China Proper. These receipts were only slightly offset by the outpayments to the few foreigners having establishments in Japan. Although Japan received considerable revenue on insurance account, she paid out to foreigners about as much as she received, and so this did not provide her with any net income. Somewhat the same situation prevailed with respect to tourist expenditures. Japanese tourists spent about as much abroad as foreign tourists spent in Japan. Payments to foreigners of interest and dividends on Japanese securities held abroad ordinarily exceeded, several times over, the receipt of interest and dividends on foreign securities held by Japanese—this may not be the situation at present, however. Likewise the expenditures of the Japanese government abroad exceeded her receipts from abroad. On miscellaneous accounts, however, Japan received somewhat more from foreigners than she was obliged to pay to them.

Japan Has Bought More than She Has Sold

To sum up the trade situation, Japan in recent years has regularly been buying more goods than she has been selling; and, while she has been rendering services to a greater value than she has been hiring, she has not often been able to balance her aggregate current expenditures abroad against her current income from abroad. She must find some way of increasing her sales of goods and services to foreigners in relation to her consumption of goods and services from them. *Neither her international capital position nor her ability to export treasure will permit otherwise.* This is the essence of Japan's trade problem. Will her better hold on Manchuria enable her to solve this trade problem? I shall discuss this presently.

I have now considered at some length two of the outstanding economic problems which confronted Japan in 1931, population and the balancing of her foreign trade. She was faced with other serious and closely related economic problems as well, but considerations of time will allow me no more than the mere mention of them. These consisted or grew out of widespread unemployment, budgetary difficulties, currency and banking problems, burdensome and maldistributed taxation, agrarian discontent, and a host of others which even yet are plaguing the entire civilized world.

Will Japan's more intimate and agreeable relations with Manchuria enable her to solve these major economic problems either wholly or to any appreciable extent? Let us examine, first of all, what have been the economic consequences of Sino-Japanese hostilities up to the present.

Immediately following the "incident" of September 18, 1931, there was fanned into full flame an anti-Japanese boycott of unprecedented proportions and effectiveness. Japanese steamship lines, banks, manufactures and mercantile houses were forced either to suspend or greatly limit operations not only in China Proper but in those regions in the South Pacific where the Chinese dominate the business. Industry and commerce in Japan were likewise upset.

Japan's international credit rating was greatly lowered, her Gold Dollar bonds, for example, dropping in the New York market by almost 50% within the first eight months of the conflict. Since then, these bonds have recovered somewhat, due chiefly to the United States' abandoning the gold standard and cancelling the significance of the "gold clause." Japan's credit position abroad yet remains so bad that she cannot borrow except at ruinous rates, if even then. This is particularly significant in view of the fact that Japan has never repudiated a foreign obligation, a record second to none in the world.

Within three months after the outbreak of hostilities, Japan was forced to abandon the gold standard, and the yen began to drop rather irregularly until it had depreciated to about 40% of its former gold value, a position from which it has recovered only slightly. Whether or not Japan had embarked on her continental adventure, she would probably have been forced off gold shortly after Great Britain went off; but it is extremely doubtful that the yen would have dropped to such a low value as it has, had it not been for her military operations in China. I make a special point of this because I want it to be clear that many of the internal and external economic difficulties growing out of the extremely low value of the yen, are to be traced to Japan's recent military adventures in China. The extreme depression of the yen has imposed very heavy burdens on Japan in paying for her imports and in meeting the service charges on her foreign loans. To a certain extent, it has helped stimulate exports, but this has not been an unmixed blessing, in view of the rather general—but not always well-founded—charges of "dumping" that have been lodged against Japan. This is particularly serious, for many of her best customers, China, India, Egypt, Malaysia, and sections of Africa, for example, are already beginning to restrict their imports of Japanese goods. As we Americans know, trade obstacles once raised are not easily removed. The depressed yen is likewise responsible for the present rising costs and labor disturbances in Japan, concerning which we may expect to hear much more in the future.

The Cost of Japan's Military Adventure

Thus far I have said nothing about the actual costs of Japan's military operations in China. Reliable figures are not at present available—if for no other reason than that the operations have not yet ceased. I venture the guess, however, that Japan's costs of the Manchurian Adventure in "blood and treasure" have at least wiped out every cent she has made in Manchuria to date.

I have said a good deal about the immediate—but more or less enduring—hardships which hostilities have imposed. Now may I say something about the benefits, many of which I believe to be only temporary?

Hostilities created a boom in the war and certain other industries, and the enormous depreciation of the yen gave a belated impetus to export industries and industry in general, and served—even more belatedly—to check imports. I have already alluded to the mischief which the extremely low yen has precipitated.

Japanese-Manchoukuo trade has increased very substantially since the beginning of hostilities. This has been due primarily to the erection of trade barriers by both Manchoukuo and China against reciprocal trade; to the large Japanese investment and construction program in Manchuria; and to the extremely low value of the yen. The forces supporting this trade may soon spend themselves.

With the boom in industry in Japan there has been a consequent lessening of unemployment, and a possible temporary check to the spread of the ever present and highly contagious "dangerous thoughts."

The depreciation of the yen has brought some measure of agrarian relief, but much less than enough to satisfy the tax-ridden and debt-burdened peasants.

The creation of Manchoukuo under Japanese auspices created a number of lucrative posts for the Japanese officials in, and advisors to, the new state. It is doubtful, however, that the new government will need or can afford a much larger Japanese personnel to direct its destinies in the future.

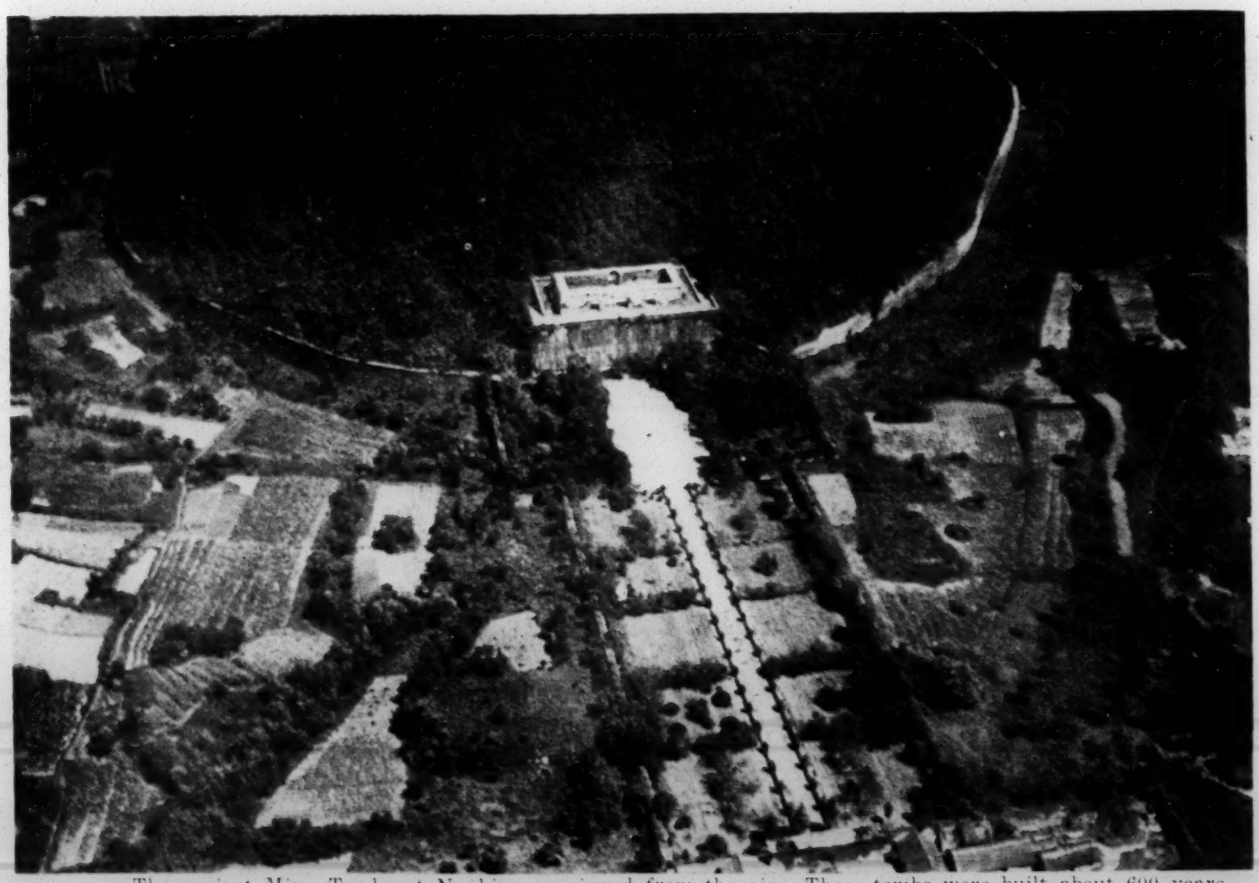
Other advantages which the birth of the new State has given to the Japanese are the rights to own and lease land, and to exploit the natural resources of the country. These are rights which the Japanese feel—and with *some* justic—they were entitled to exercise by virtue of certain treaties with China which the former Manchurian officials, for one reason or another, chose to ignore in large measure. The present Manchoukuo Government has practically promised to accept its creator's interpretation of any and all Japanese treaty claims in Manchuria, and so this may be reckoned the most important and enduring achievement growing out of the new State's establishment. Important as this gain unquestionably is, its importance in solving *Japan's* economic problems, I feel, has been greatly overestimated. Concerning this matter, I shall say more presently.

Losses Greater Than Gains

From the opening of hostilities in September 1931 to the present, Japan has undergone many harships and her peoples have courageously made many sacrifices. As I have mentioned, these hardships and sacrifices have been offset in part by certain gains, but without question, the aggregate of losses during this period have more than offset the aggregate of gains. I doubt that even any Japanese would dispute this. But if the sacrifices to

AIRVIEWS DISCLOSE NANKING'S ANCIENT AND MODERN GRANDEUR

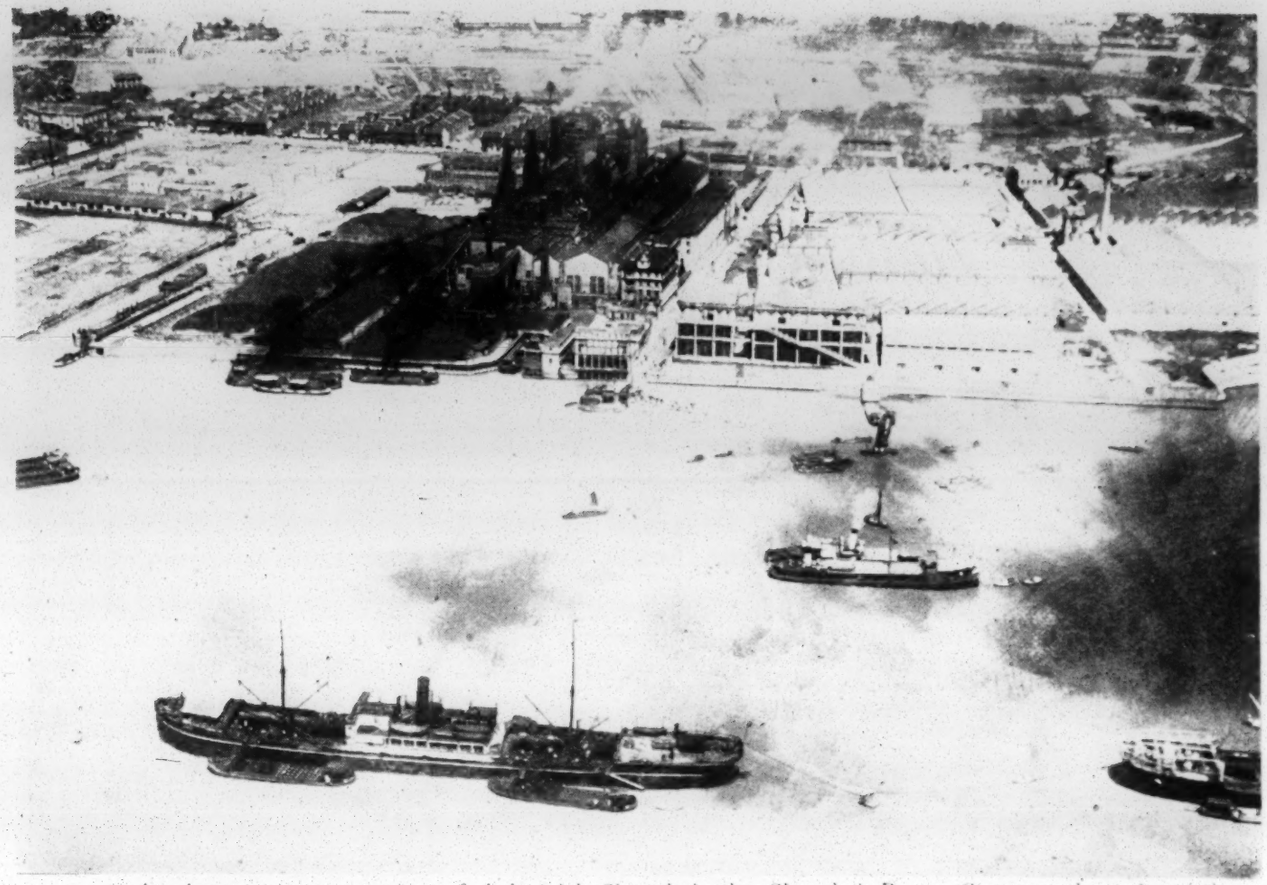
The entire Sun Yat-sen Mausoleum as viewed from one of the regular air-mail and passenger planes flying between Shanghai and Nanking. The Ming Tombs are located in the valley to the left while in the same area are located the new National Stadium, the War Memorial and Pagoda and other notable structures which have been constructed since the National Government came into power.



The ancient Ming Tombs at Nanking as viewed from the air. These tombs were built about 600 years ago and the large mound of earth back of the rectangular building contains the bodies of famous Ming Emperors. These tombs are located near the Sun Yat-sen Mausoleum, a picture of which also appears on this page.

(China Weekly Review, Oct. 7, 1933.)

SOME OF SHANGHAI'S IMPORTANT INDUSTRIAL ESTABLISHMENTS

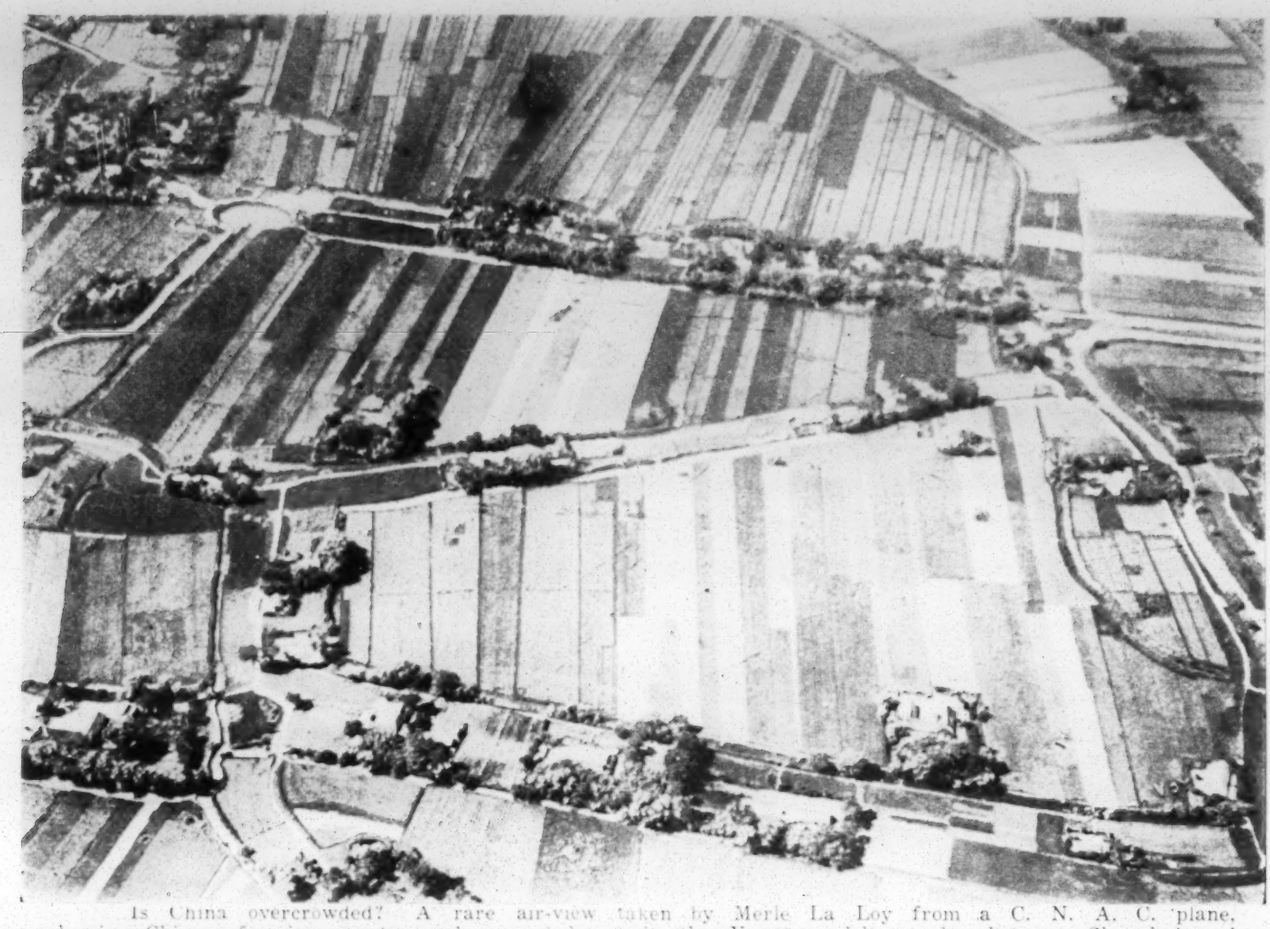


An important nerve-center of industrial Shanghai—the Shanghai Power Company—located on the Whangpoo River in the Yangtszepoo district, this important concern provides light, power and heat for the International Settlement and its million inhabitants.

The extensive wharves and concrete warehouses of the Dollar Company, located in the fast-growing industrial area of Shanghai located in the Pootung section, across the busy Whangpoo river from the International Settlement and French Concession. Where the world-encircling President liners dock.

(China Weekly Review, Oct. 7, 1933.)

MAGIC-CARPET OF CHINESE FARMLANDS AS VIEWED FROM ABOVE



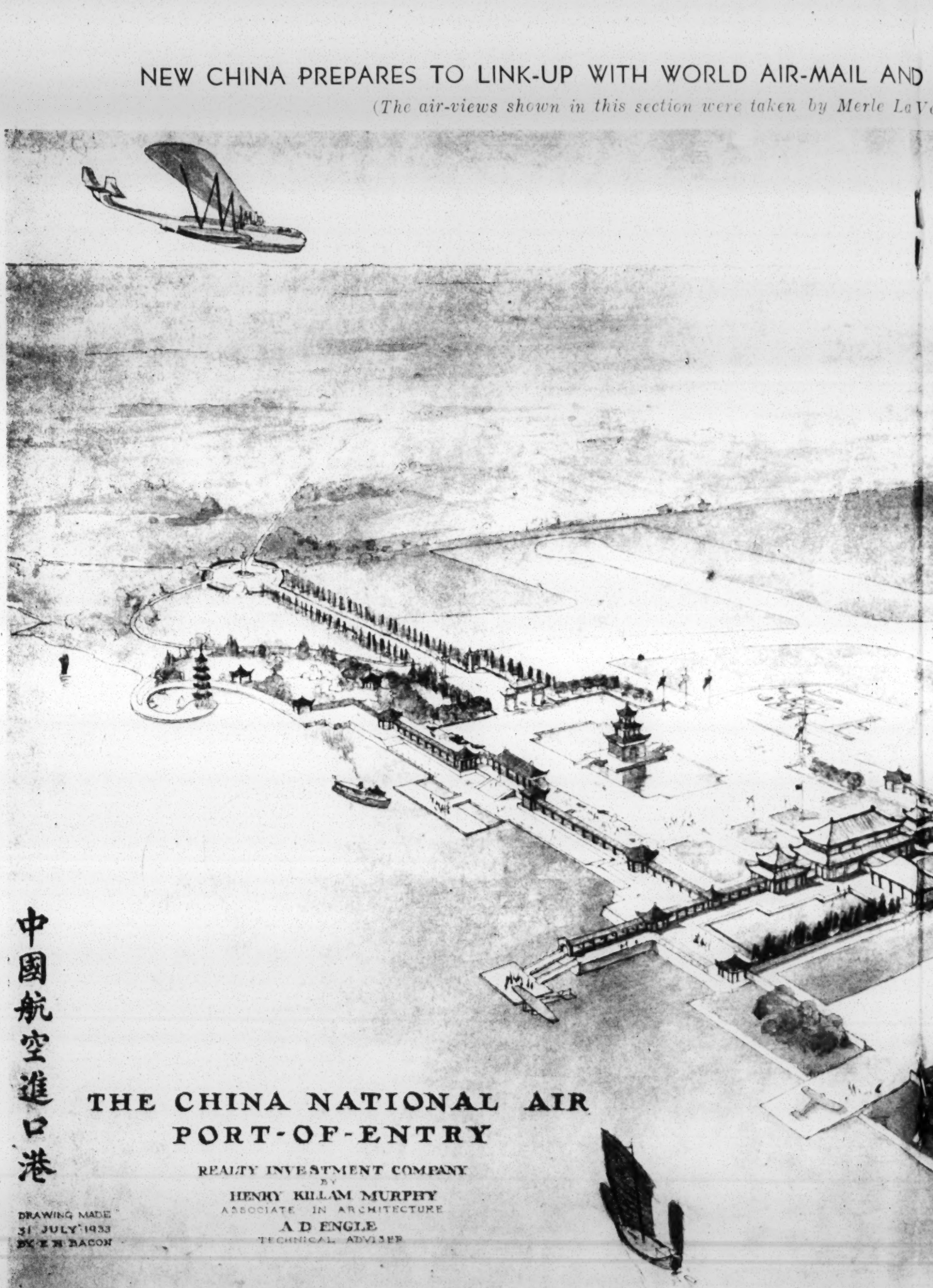
Is China overcrowded? A rare air-view taken by Merle La Loy from a C. N. A. C. plane, showing Chinese farming country and peasant homes in the Yangtsze delta region between Shanghai and Nanking. Seen from the air, with each little field having a different colored crop of grain or vegetables, the countryside has the appearance of a vast magic carpet.

Another view of the interesting Chinese countryside as seen from one of the C. N. A. C. planes operating between Shanghai and Nanking. The picture was snapped by Merle La Voy, Pathe cameraman and gives an excellent idea of Chinese rural economy with the innumerable small farms and villages where the farmers live.

(China Weekly Review, Oct. 7, 1933.)

NEW CHINA PREPARES TO LINK-UP WITH WORLD AIR-MAIL AND

(The air-views shown in this section were taken by Merle LaV

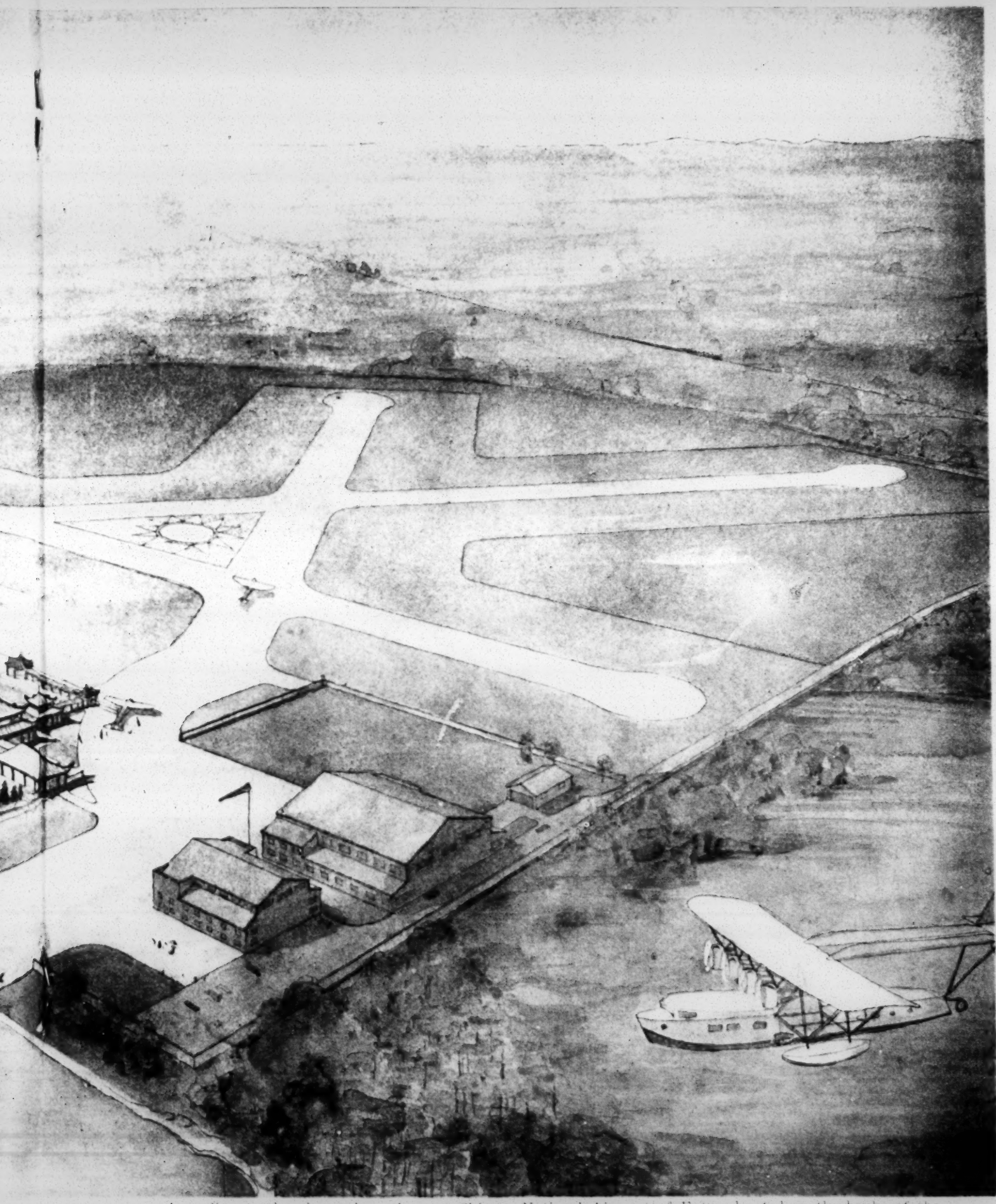


The above is a reproduction of the proposed China National Air-Port of Entry which is to be located on the site of the present China National Aviation Corporation's airdrome, located in the Lunghwa section of the Municipality of Greater Shanghai. The plan of the new air-port was designed by Henry Killam Murphy, architect, in association with A. D. Engle, technical engineer and adviser. Mr. Murphy is connected with the Realty Investment Company of Shanghai while Mr. Engle is a representative of the Austin Company of New York which has constructed some of the largest air-ports in the United States and also in Soviet Russia.

(China Weekly Review, Oct. 7, 1933.)

AND WORLD AIR-TRANSPORTATION---PROPOSED CENTRAL AIR-PORT

e LaVoy from the planes of the China National Aviation Corporation)

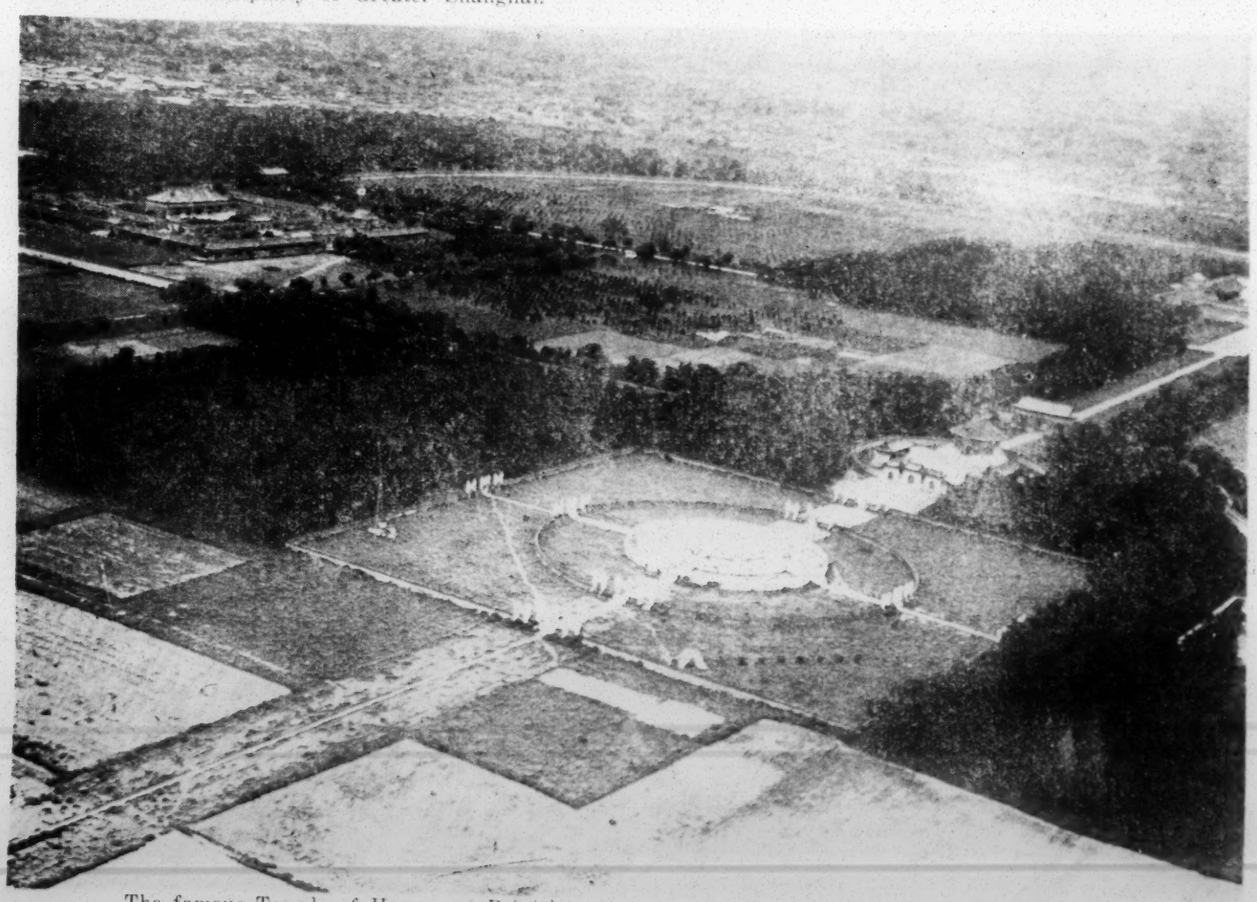


According to the above plans the new Chinese National Air-port of Entry, located on the banks of the Whangpoo River, about 10 miles from the center of Shanghai, will be one of the most convenient landing places for both land and amphibian planes to be found anywhere in the world, being superior to anything to be found in Europe at the present time. In addition to providing facilities for modern aviation, the plans also provide for a recreation center with facilities for yachting and also providing a landing-jetty for ferry service connecting with the Shanghai Bund. It will thus be possible for residents of Shanghai to reach the air-port in a few minutes either by motor-car, launch or railway as the tracks of the Nanking-Hangchow railway also skirt the field.

(China Weekly Review, Oct. 7, 1933.)

AIRPLANES DISCLOSE NEW VISTAS IN SHANGHAI AND PEIPING

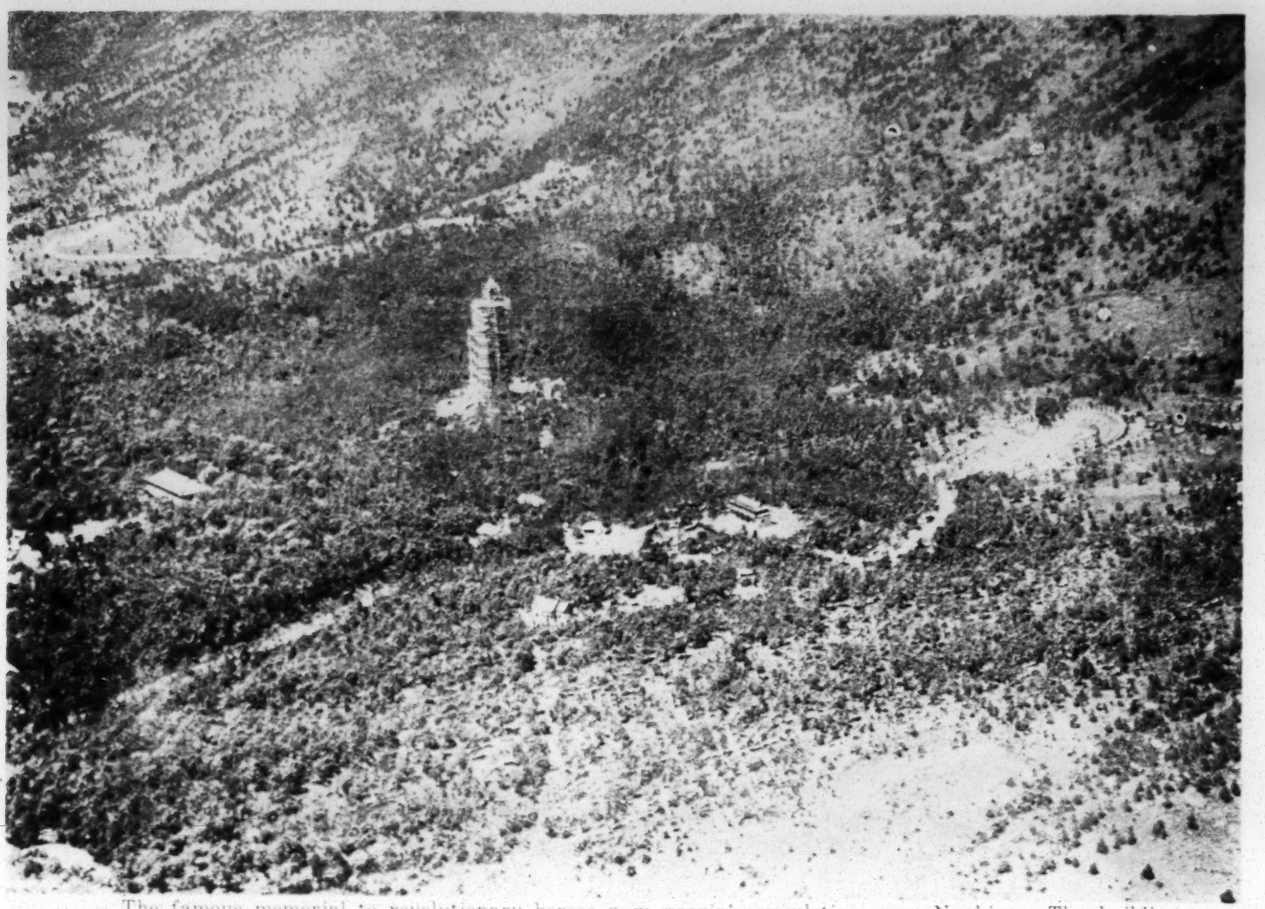
An institution which contributes much toward the educational well-being of Shanghai's 3,500,000 people. Shanghai University, located on the Whangpoo River between the International Settlement and the mouth of the Yangtsze at Pootung. A few miles inland from the college is located the new Civic Center of the Chinese Municipality of Greater Shanghai.



The famous Temple of Heaven at Peiping as seen from the air. Located in the outskirts of China's former capital, the Temple of Heaven is visited annually by thousands of world tourists. It was here that the Manchu Emperors went once annually for prayers to God for successful harvests and prosperity for their empire.

(China Weekly Review, Oct. 7, 1933.)

NEW NANKING WAR-MEMORIAL AND A VIEW OF ANCIENT CHINKIANG



The famous memorial to revolutionary heroes now nearing completion near Nanking. The building, a steel and concrete pagoda, designed by H. K. Murphy, American architect, is still encased in its scaffolding, but when completed it will be one of the outstanding structures of the Republic. It is located in a wooded section near the Sun Yat-sen memorial.

Chinkiang, ancient Yangtsze river port, located near Nanking, as seen from one of the regular air-mail and passenger planes of the China National Aviation Corporation. Owing to the establishment of the National Capital in Nanking, the provincial government of Kiangsu has been transferred to Cainkiang.

(China Weekly Review, Oct. 7, 1933.)

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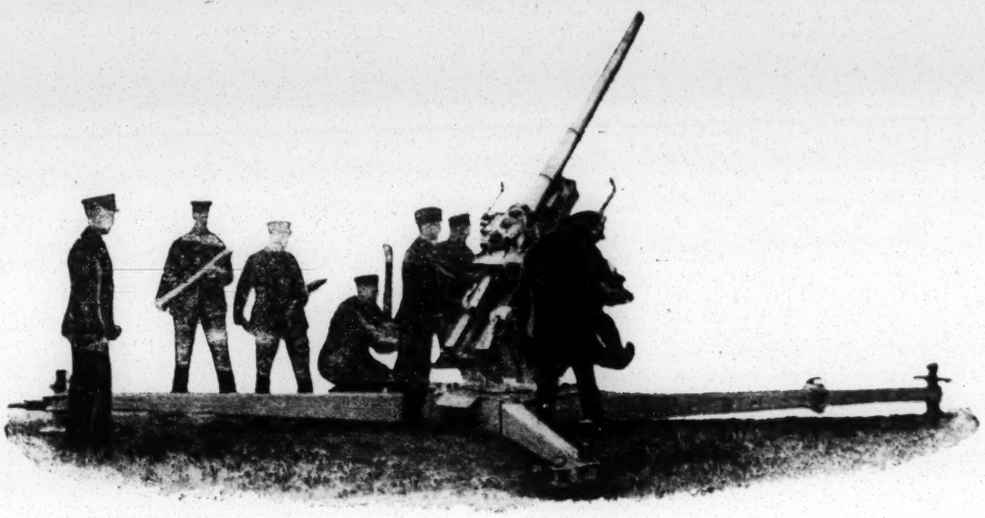

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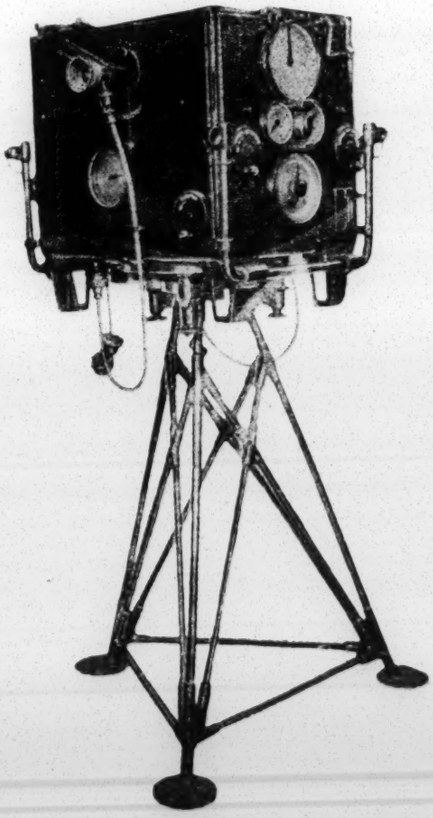

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(China Weekly Review, Oct. 7, 1933.)

date have not yet brought commensurate returns, what promise is there that they shall in the future?

Will Manchuria provide Japan with the solution to her population problem? First, can she do it by providing a direct outlet for mass Japanese emigration? I think not, but there is such a widespread belief to the contrary, that I think it worth while to offer the objections. Those most frequently advanced are the following:

(1) The Japanese are not accustomed to mass emigration. For about two and one-half centuries prior to 1868, Japan was a closed country and its inhabitants were forbidden to leave, and so the Japanese have no *tradition* of emigration. I do not consider this argument particularly compelling, for if the Japanese were welcome in countries where they could make a decent living, they would emigrate—lack of tradition notwithstanding.

(2) Another argument often advanced is that the Japanese are not accustomed to the type of cultivation in vogue in Manchuria. Instead of intensive cultivation, and heavy irrigation and fertilization on small plots of ground which return a high yield per acre, the Japanese colonist must cultivate extensively in Manchuria, get along without irrigation and fertilization, and be satisfied with low yields per acre. This again, in my opinion, is not a serious objection, and would not stand in the way of Japanese colonization.

(3) Yet another argument, and one very frequently advanced, is that the Manchurian climate is too severe for the Japanese people, i.e., they would not be able to withstand Manchuria's cold winters. As I see it, it is not the cold *per se* that is the vital objection, but rather the addititional costs which it imposes. There is an abundance of evidence to prove that the Japanese can withstand the cold as well as other peoples, *provided* they be properly clothed, housed, and fed. The rigors of Manchuria are objectionable, then, not for the reasons ordinarily ascribed, but rather because of their economic implications.

(4) But there is one reason, above all others, why Japanese cannot hope to settle Manchuria in large numbers. Their standard of living is too high in comparison with their efficiency to permit of any large-scale competition with the Chinese settlers already there. While the difference in their respective standards may often be exaggerated, there is a marked difference nevertheless, and this in my opinion is the only important reason why Japanese will never be able to settle Manchuria in large numbers. Japanese professional and "white collar" men, in limited numbers, will find opportunities in Manchuria, but not the ordinary farmer or worker.

The Difference in Standards

You may possibly be interested in the explanation of this difference in standards. The Japanese settler demands better food than his Chinese competitor. The Japanese stomach is a much more delicate mechanism than the Chinese; it requires rice, fish and other comparatively expensive foods, whereas the Chinese functions quite satisfactorily on such coarse fare as kaoliang, soya beans and the like. The Japanese settler demands better dwellings than the Chinese, and he wants them kept cleaner. He insists on solid and durable structures, whereas the Chinese is content to live within mud walls. The Japanese must have more fuel and water, not only for his cooking and housecleaning, but for his person as well. He wants his daily bath, while the Chinese is content to do without it. Bathing requires soap, water, fuel, towels, laundering, space and facilities—all of which cost money. The Japanese demands better and more clothing than the Chinese, not only for the sake of variety but to allow for frequent change as well. Where the Japanese feels he must have good cottons and possibly some woolens and silks, the Chinese is satisfied with the coarsest of cottons, which he "piles on and peels off" as the season dictates. The Japanese is more literate than the Chinese. He wants books, magazines and papers for himself, and good schools for his children. The illiterate Chinese—and the bulk of them in Manchuria are illiterate—very largely avoid such expenses. I don't think I need labor the point that without financial assistance from the Chinese settlers already in Manchuria. So far as I know, there is not an informed person, Japanese included, who believes to the contrary.

But what if the Japanese Government should attempt to give assistance in settling Japanese in Manchuria, would this be any solution to the problem? I think not. If Japan is badly pinched now, how much more will she be pinched if she burdens herself with grants to her overseas nationals Further, no subsidized settlement schemes that I know of, are planned on proportions to take care of more than a small fraction of Japan's annual increases in population. The yearly gains are of the order of hundreds of thousands, whereas the wildest of subsidized emigration schemes plan for only tens of thousands, and the more sane deal only in terms of thousands and hundreds. Even if we were to grant that tens of thousands of Japanese could be settled in Manchuria annually—economically or otherwise—would we not yet be compelled to admit that Manchuria is no solution to Japan's population problem insofar as direct emigration is concerned?

Will Manchuria Supply Food and Raw Materials?

If Manchuria cannot solve Japan's population problem by absorbing Japanese settlers, can she do it by providing Japan with the food and raw materials which she needs on the one hand, and a market which she requires on the other? In other words, will the resources and markets of Manchuria solve Japan's population problem by providing the means for a greater industrialization of the Islands? Purely economic considerations would not dictate that Manchuria necessarily send increasing amounts of goods directly to Japan, or that Japan send increasing amounts of finished goods in exchange, directly to Manchuria; the trade expansion—in part at least—might conceivably take place through third countries. For example, Japan might ship silk to the United States which would be paid for by the United States' sending machinery to Manchuria. Japan's claim on Manchuria could then be settled by Manchuria shipping soya beans to Germany, and by Germany shipping photographic and optical equipment to Japan. This, I say, is the manner in which the trade expansion might conceivably take place; but it is not the manner in which the expansion is expected to take place. A further industrialization of Japan is postulated chiefly on an expansion of a direct Japan-Manchoukuo trade—this at least being the contemplation of the "Japan-Manchoukuo Economic Bloc" enthusiasts. If this expansion of industry and commerce is to rest on sound economic grounds, Japan must be able to deal with Manchoukuo on as good or better terms than she can with alternate suppliers and customers. If the terms are not as good, Japan loses; and if they are not better, she cannot take care of the larger numbers of people at the present standard of living. Further, it is only by bettering the *terms* of her international commerce that she can solve her trade problem of having her current exports pay for her current imports.

Much is made of the fact that Manchuria offers Japan a more *secure* market and source of raw materials than she can hope to find elsewhere. I concede the point, but may I suggest that unless Manchoukuo can *adequately* and *economically* provide the raw materials and markets, it can only furnish inadequate and non-economic security to Japan, which in reality is no security at all. What promise, then, does Manchoukuo hold for satisfying Japan's industrial and trade aspirations?

At the outset, may I say that while Japan's trade with Manchuria has been important in the past, its importance should not be overestimated, and efforts to expand it should not have been undertaken at too great a sacrifice. During the recent years prior to the outbreak of hostilities, Japan's exports to Manchuria amounted to only a little over 8% of her total exports, and her imports from Manchuria, to something less than 7% of her total imports. Japan has had and has far better customers and suppliers outside of Manchuria than she has in it and she can ill afford to antagonize them even for the sake of considerable gain in Manchuria.

The Valuable Soya Bean

You have heard a great deal concerning the abundance and possibilities of Manchurian agricultural and mineral resources. How important and promising are they actually? To date, Japan's only important agricultural import from Manchuria has been the soya bean. This has been used as food, forage, and fertilizer. The prospects are that Japan's soya bean requirements for food and forage will increase, but that for fertilizer, they will decrease, dut to the heavy inroads now being made by chemical fertilizers. Since the principal use of the soya bean (in cake form) is for fertilizer, Japan's imports of this from Manchuria are more apt to decrease than increase. Her imports of such cereals as maize, kaoliang and millet have been small and will remain small as long as the Japanese prefer rice to such substitutes. Man-

churia at present raises little rice—the only important Japanese "breadstuff"—but in the future, if need be, can raise considerable amounts. Heavy expenditures in irrigation projects will first be necessary, however. For the time being, Japan is more than self-sufficient in the matter of rice and need have no misgivings for the immediate future. In time to come, Manchuria may likewise come to supply Japan with wheat, beef, and mutton. At present, however, Manchuria is a net importer of wheat (in the form of flour) and must become self-sufficient before she can commence supplying Japan. Before looking to Manchuria for large supplies of beef and mutton, Japan might do well to examine more closely the live-stock possibilities of her own Islands. In the future Manchuria may also supply Japan with cotton and wool. Some Manchoukuo officials are of the opinion that in 20 years Manchuria will be raising an abundance of fine quality cotton. At present, they admit that the cotton is poor in quality and meagre in output and that its production is not economically profitable. Wool production is in somewhat the same position. Newspapers from Japan report that a group of Japanese wool experts after thoroughly investigating the possibilities of Manchuria recently, rendered the opinion that it would take about 30 years for Manchuria to improve its breeds sufficiently to provide Japan with wool in the amounts she now consumes. In the meantime, they felt, Japan would continue to be dependent on Australia. I am not qualified to say whether at any time in the future Manchuria will be able to produce satisfactory cotton and wool economically and in abundance, but certainly that day, if indeed it shall ever come, is not close at hand.

Limited Resources of Coal

Manchurian mineral resources are often described in such glowing terms that a very large circle of persons have been led to believe that these will one day make Japan independent of the rest of the world for her supplies of at least coal, oil, and iron. At present Japan is *quantitatively* self sufficient in the matter of coal, but she is not self sufficient *qualitatively*. She is lacking in coking coal. Manchuria has limited reserves of such coal, but they are far from sufficient to meet Japan's needs for any considerable period in the future even if Manchuria were entirely to ignore her own needs, an economically irrational postulate. Manchuria can *continue* to supply Japan with ordinary varieties of coal, and at lower prices than they can be produced for in Japan, but before these imports can be increased the powerful and stubborn opposition of Japanese mining interests must be overcome. Manchuria can likewise supply Japan with limited amounts of oil. There is no free oil in Manchuria and so the extraction will have to be from shale, a process which requires heavy outlays for plant and which at present is generally regarded as uneconomical by petroleum engineers. Barring unanticipated technological improvements in the extraction of oil from shale, Japan can never hope to meet her oil requirements from Manchuria at other than prohibitive costs. Some Japanese have placed high hopes in the possibilities of liquefying Manchurian coal. This may occur one day, but no one pretends to know when. Another widely entertained expectancy is that Manchuria will provide Japan with the iron which she is so sorely in need of. At present Japan Proper produces less than a tenth of the iron she consumes, and most of her pig iron is produced from imported ores. In order to take care of her iron ore, iron, and steel requirements, Japan would have to produce about fifteen times more ore than she does at present. Chosen makes good a small portion of this deficit—producing in fact more ore than does Japan. Can Manchuria supply any substantial portion of the balance? Manchuria contains large deposits of iron ore, but with negligible exception, their ferrous content is very low. The most distinguished and competent foreign geologists and experts who have made studies and surveys in Manchuria are of the opinion that its known reserves are wholly inadequate to support an economically sound iron and steel industry of substantial proportions. It is estimated that not even one per cent of the ore contains more then 60 per cent iron, and it is known beyond reasonable doubt that the great bulk of the ore contains only between 30 and 35 per cent iron and from 45 to 55 per cent silica. One outstanding authority state that we have millions of tons of similar material in the Lake Superior region which we do not even count as ore. A number of important countries with larger and better reserves than Manchuria find it economically expedient to import their ores. Manchuria's low quality ores can and are being employed in the production of iron, and without question this production can and probably will be expanded, but in the opinion of foreign students of the problem, a large iron and steel industry based on Manchurian ores does not appear economically warranted. From its inception to date, the largest iron works in Manchuria and one which has been entirely under Japanese control, has been operated at a substantial loss almost yearly. While I was in Manchuria, a responsible Japanese, now holding a high post in the Manchukuo Government, remarked that Japan could have constructed an iron mountain in the vicinity of Osaka out of rich imported ores at a lower cost than she has had to bear in developing Anshan—the works I just referred to—and that this ore would then have been not only better but more economically available, particularly in times of emergency, than that at Anshan.

Manchurian Ore of Poor Quality

To sum up the iron possibilities, one might say that while Manchuria can supply Japan with considerable quantities in the future, she probably cannot do so economically, due to the poor quality of the ore, the relative scarcity of coking coal, and the considerable extraction, concentration and transportation costs.

Time prevents me from considering the other mineral possibilities in Manchuria, but I may say that Manchurian copper, lead, asbestos, feldspar, magnesite, dolomite, clay, salt and gold will in varying degree prove of assistance to Japan in the future. Likewise will Manchuria's enormous tracts of timber. At present, Japan obtains only about 1 per cent of her total timber imports from Manchuria. There are certain important commodities, however, which Manchuria will probably never supply Japan.

I have now spoken at some length concerning the possibilities of Manchuria supplying Japan with needed raw materials; now may I discuss the possibilities of Manchuria supplying Japan with an adequate market?

In the past, Manchuria's chief imports from Japan have been cotton piece goods, machinery, iron and steel, wheat flour, clothing, miscellaneous piece goods, refined sugar, paper, potteries, and a great variety of miscellaneous manufactures and foodstuffs. By far the most important of all of these has been cotton piece goods and Japan has in recent years been the chief outside supplier. What are the prospects of Japan increasing her sales of goods to Manchuria in the future? *If Manchuria is to be allowed to develop rationally*, the prospects are that she may take fewer of the goods which she has been accustomed to buy from Japan. If cotton production should succeed, there would be no point in sending much of the raw material to Japan for fabrication and then buying back piece goods. The same holds true for wheat flour, iron castings, and paper; and to a lesser degree for woolens, clothing, miscellaneous piece goods, potteries and many other commodities. Manchuria might even produce her own sugar and more of her silks. If Manchuria should be permitted to develop without undue interference on Japan's part, she is as likely to evolve an economy that will conflict with Japan's as one that will complement it. If such should turn out to be the case, Japan might find that Manchukuo could not only supply most of its own needs but that it could compete with Japan in her own and foreign markets.

But what if Japan should attempt to prevent Manchukuo from developing rationally, i.e., what if she should attempt to "plan" Manchukuo's economy in such a way as to keep it in a colonial or semi-colonial status? I may say that there are already evidences that Japan does not intend to allow Manchukuo to develop as might suit only Manchukuo, but if Japan should attempt to interfere too seriously she might invite embarrassing and costly opposition from the Chinese populace and even certain Japanese interests. Contrary to what you may have heard from some quarters, the Chinese population of Manchuria did not welcome the Japanese military as benefactors and librators"—or else they so successfully concealed their emotions as to deceive every foreign consul and neutral observer, including myself, who were on the spot when hostilities began and when Manchukuo was established. It is my impression that few of the Chinese feel particularly grateful to Japan for what she has done; that most of the rest are either indifferent or passively hostile; and that some few are actively hostile enough to refuse any cooperation whatsoever with Japan. Under these circumstances, Japan may not find it economically expedient, at least for the present, to do with Manchukuo altogether as she would like.

To sum up the possibilities of Japan solving her population problem by a greater industrialization of the Islands based on Manchurian raw materials and markets,

I should say that they have been greatly overestimated. Japan at present can buy only a few important commodities in Manchuria more cheaply than elsewhere, and vested interests in Japan are in many instances opposed to their entrance. Other essential commodities now being imported are being produced either quite definitely at a loss or at no profit, or in insignificant amounts, and were their outputs to be increased, this could only be done uneconomically. Certain other commodities, cotton and wool for example, show possible promise but not for the immediate future. Timber and gold, however, may shortly be of economic importance. In my opinion there is no prospect that Manchurian resources will supply Japan in the near future with such an abundance of cheap raw materials as to allow for the very large industrialization necessary to feed, clothe, shelter and employ her additional hundreds of thousands. Cheap raw materials which *may* come from Manchuria fifteen years hence will not take care of the pressing needs of the next decade, and Japan cannot reasonably expect early returns from Manchuria. The construction of railroads, highways, irrigation projects and electric plants, the improvements in stock farming and agriculture, the establishment of a new government, the educating of hundreds of thousands to citizenship, and the restoration and *maintenance* of "peace and order"—the very program which Japan has dedicated herself to in Manchuria—all require heavy outlays; and if they are to yield returns at all—and many will—they will yield them slowly and perhaps more to Manchukuo than to Japan. In this connection, the high military and police costs which Japan must bear in having her way in Manchuria should not be overlooked. Manchuria is not yet the "Paradise" it is painted. Ironically enough, there has never been as little peace and order in Manchuria as there has since the Japanese have attempted to restore it.

Japan Spends Heavily in Manchuria

In the matter of market expansion, Manchukuo will be only of limited importance for some time to come. At the moment, trade is exceptionally brisk, but the basis of it does not promise to endure. Japan is expending and investing heavily in Manchuria; her highly depreciated yen is giving her an enormous advantage over domestic and other foreign competition; and the newly erected Manchukuo tariffs against imports from China are likewise playing in her favor. Once she discontinues making these expenditures and investments—which she can ill afford in the present state of her finances—and once Manchukuo's is adjusted to the new local conditions and the mounting yen prices of imported merchandise, the present basis for the unusual trade will disappear. Should the Manchurian market at a later time become educated to "higher" wants and have the purchasing power to indulge in them, Japan of course would be in an excellent position again to expand her trade and on a more enduring basis.

For some time to come Manchuria will be of only slight assistance in solving Japan's population problem. There is no prospect whatsoever for mass emigration, and the Manchurian raw materials and market will not, in my opinion, *economically* support the expansion of Japanese industry and trade rapidly enough to take care of the hundreds of thousands of *additional* Japanese who will require sustenance and employment during the next decade. The assistance which Manchuria may conceivably render Japan in the distant future will be of little service in satisfying the urgent and non-postponable needs of the immediate future.

Earlier I told you that Japan's problem of balancing her foreign trade was very intimately related to her population problem. I believe that you can now clearly see what this relation is, and also why controlling Manchuria does not provide the solution to it—at least not for some time to come. Manchuria's resources do not give promise of an early or great Japanese industrial expansion based on *cheap* raw materials, and if Japan hopes to compete in world markets, she cannot handicap her industries with high priced raw materials. Further, she must bear in mind that her manner of gaining control of Manchuria has injured her trade opportunities and credit standing in certain important areas, and that the extremely low yen, for which her military operations are greatly responsible, has provoked—justly or not—widespread "anti-dumping" duties. How lasting these injuries will be is difficult to predict, but for some time to come Japan must continue to accept them as part of the price she must pay for controlling Manchuria. A

(Continued on page 241)

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Next Imperialist Drama in Asia to Be Staged on High Table-Lands of Yunnan and Tibet

BY WILBUR BURTON

MANY Chinese have recently compared the position of Yunnan with that of Manchuria; actually there is very little resemblance except that all national brands of imperialism have much in common. But Yunnan is no "life-line" to France as Manchuria indisputable is to *imperialistic* Japan. Yunnan gives France a small trade territory, provides an income of several thousand piastres annually for the French Indo-China treasury in transit customs duties and transit visas, and constitutes a strategic wedge into China, but the province assuredly is not absolutely vital to French imperialistic welfare.

In my opening article I said that the French railway into Yunnan is a more potent instrument of imperialism than the South Manchuria Railway ever was. This is because the French railway is the only practical means of entry into and exit from Yunnan while Manchuria was provided with rail transportation to and from China proper and the Soviet Union, as well as to and from Japanese territory. Thus Manchuria was not isolated from China proper as Yunnan is, and further it was possible to play two major powers —Japan and Russia—against each other in Manchuria. In Yunnan the French grip is not challenged by China or any other country,—which fact, rather ironically, may save the province from the fate of Manchuria. The one thing that might induce France to alter her present policy and formally sever Yunnan from Chinese sovereignty would be the same thing that happened in Manchuria,—Chinese development, which threatened alien domination, while at the same time another power was extremely influential in the area. The purported Memorial of Tanaka to the contrary notwithstanding, it seems to me that Japan would most likely never have taken the course she pursued had not Chinese railway construction, harbor-building at Hulutao, etc. threatened Tokyo's economic dominion in Manchuria coincidentally with Soviet trade advancement. In brief, had the Chinese offered no effective opposition to Japanese exploitation, Tokyo probably would have been content to allow Nanking to retain technical sovereignty over the area.

How the French Stranglehold Could Be Broken

The French strangle-hold, political and economic, on Yunnan could be broken by such a superficially simple development as building a railway, or even a good motor highway, from Yunnanfu to Nanning, on a branch of the West River, in Kwangsi Province. This would furnish an outlet to Canton via the West River and thence to other parts of China by sea, and also by train when the Canton-Hankow railway is completed. A Yunnanfu-Nanning road or railway would be less than 500 miles in length, and while construction would require expert engineering and it would not be inexpensive, it is altogether feasible. The route is, in fact, the natural outlet for Yunnan to the rest of China. It is now a caravan route, requiring about 23 days to traverse,—and nothing but opium can afford the transportation charges.

A railway or motor highway to Suifu, on the Yangtze River, would also be possible, but transporation facilities down the Yangtsze from Suifu to Chungking are not very adequate for modern commerce, and even from Chungking to Ichang (through the gorges) the trip is somewhat hazardous and expensive.

An efficient outlet through Kwangsi, therefore, is the most practical way to break the French monopoly on Yunnan. But while superficially simple, it is virtually impossible at any time in the predictable future. For one thing the French are so dominant in Yunnan and sufficiently innfluential in Kwangsi to prevent the governments of these provinces from reaching the necessary accord and raising the required funds for such a project. Further, there is is too much indigenous provincial rivalry to allow a development of this nature; were the provinces effectively connected. Yunnan would constantly be in fear of aggression by the warlords of Kwangsi and Kwangsi would likewise constantly be in fear of an assault by the warlords of Yunnan. Any sense of nationalism is almost, if not entireley, non-existent among the military cliques that hold sway in these provinces,—and its absence is undoubtedly fostered by the French. And the Nanking government is not able to assert any authority in the two provinces even if it were in the position otherwise to supply the money for a Yunnanfu-Nanning road or railway project. Nor is the Canton government in any better position to undertake such a scheme.

Hence the question of whether or not France would permit the Chinese to obtain real sovereignty, political and economic, over Yunnan is today purely academic and need not be discussed further.

On the other hand, the health of the Dalai Lama in Lhasa is at the present time of perhaps major importance to the future of Yunnan. The Dalai Lama is now 58, and with sanitation being what it is in Tibet his actuarial prospects are probably none too good. And when he dies a major crisis may be precipitated in Central Asia. For the present British hold on Tibet depends largely on the Dalai Lama.

While the Dalai Lama is ardently pro-British, the other lamas are largely anti-British and would support the Panchan Lama who is pro-Chinese and who has lived in China ever since he was forced out of Tibet in 1924 by the British. (My information given here on Tibet comes, I will add, from an extremely alert and reliable person who has investigated the situation first hand and knows exactly whereof he speaks. I cannot, however, reveal his name for political reasons).

The Panchan Lama is younger than the Dalai Lama, and if he survives the Dalai Lama he will undoubtedly attempt a comeback. In any event the reins of the Tibetan governnment would, upon the death of the Dalai Lama, automatically fall into the hands of the various leading lamas of the country until a new Dalai Lama reaches maturity, an infant being chosen for the new reincarnation. Since the majority of these lamas are anti-British, the British *raj* would thus be threatened. The British are quite well aware of this possibility and so in recent years have devoted much attention to developing a British-educated younger generation in the government as well as endeavoring to Anglicize the Tibetan army. The lamas are vigorously opposing all westernization on principle, and at the moment they appear to be effectively blocking further Anglicization. However, if the Dalai Lama lives long enough the British may eventually triumph in their policy of peaceful puppetization of the government and so avoid a crisis when he dies.

A Delicate Situation in Tibet

But if British hegemony is threatened by the death of the present Dalai Lama, Downing Street will be forced to take vigorous action or face the prospect of losing Tibet. Consequently, actual annexation of the area by England looms,—and France could hardly afford to see such an upset in the balance of power in Central Asia without some counter-action, which most likely would be the annexation of Yunnan. Moscow is also taking some interest in Tibet, partly through the Buriats, who are kinsmen of the Tibetans, in the Soviet Union, and British annexation would doubtless have repercussions in the Kremlin. Here, however, no further discussion of this angle of the situtaion is necessary.

According to Tibetan tradition, incidentally, the 13th Dalai Lama will be the last,—and the present Dalai Lama is No. 13.

The delicate situation in Tibet, it is important to note, fully explains the constant Tibetan aggression in Kokonor and Szechwan. Tatsienlu, near the Min River

in Szechwan and less than 200 miles southwest of Chengtu is the natural gateway of the rest of China into the Tibetan area, including western Szechwan, Chambo and Kokonor. *And British maps show Tatsienlu as the proper eastern boundary of Tibet,*—which means the British regard Tibet as including all of western Szechwan extending to the Yalung River and along more than half the northern border of Yunnan. And in this connection the British *China Year Book* proclaims that "the Tibetans claim a boundary which is supported by records of great antiquity, while the Chinese stand upon the results of their imperialistic policies during the last 200 years."

Now if the Tibetans under the present Dalai Lama, with an army directed by British-trained officers and using British Enfield rifles and other British arms, are able to extend their eastern boundary to Tatsienlu, possible future developments would be very much simplified. Then, should Great Britain ever find it necessary in pursuit of her imperial policy to annex Tibet, she would obtain also another large and valuable slice of China without any ostensible aggression on her part. Thus, despite reports of peace pacts, the Tibetan assault on western China may be expected to continue steadily, and since the Tibetans are being armed by the British they have a vast technical superiority over the Chinese forces opposing them. One significant result of the war so far has been the closing of the caravan route from Yunnanfu into Tibet through Yerkelo on the present Yunnan-Tibetan border. This not only cuts off a certain amount of Chinese trade with Tibet, especially export of tea—which the British perhaps hope to supply the Tibetans from India,—but also may be regarded as an omen of the future. It requires, incidentally, 41 days to reach the present Tibetan border from Yunnanfu.

The Potency of Aerial Warfare

From what has been set forth, it can be seen that the next great imperialistic drama of the Orient may be staged on the vast tablet-lands of Yunnan and Tibet, which border on India, Burma, Indo-China, the U.S.S.R., Szechwan and the upper navigable part of the Yangtsze River. A few years ago, it is worth while to note in passing, such a drama would not have been practicable save in very primitive fashion, such as the fighting that has been going on between the Tibetans and the Chinese. Mountainous terrain with passes thousands of feet high and buried in snow most of the year, tropical jungles in some places, such as southern Yunnan, and the extreme isolation of strategic points would have made warfare exceedingly difficult if not often impossible. But today, if one or more of the world's great powers ever get into action, God's greatest gift to imperialists—the airplane—will be brought into play.

Peaks won't have to be climbed; they will be flown over and death will be dealt from the skies to any below who deny or defy the supremacy of imperialistic civilization. A few men can spread more destruction and terror in a week than vast armies formerly could in years, and few persons can be expected to retain any *morale* long when exposed to aerial attack. In the past, modern imperialistic aggression has been largely confined to areas that could be conquered and patroled with gunboats, or where comparatively level land made army maneuvers facile; what can be done through aerial conquest has already been admirably illustrated by the Japanese campaigns in Manchuria and Jehol. Further, possession of a few airplanes and ability to operate them in industrially backward countries can't mean much in countering attack from the air; for efficient aerial technique, by its very nature, must be rooted firmly in a solid industrial base.

The French already have given Yunnan one aerial scare. In February, 1932, five French war planes soared unannounced over Yunnanfu and landed in a field outside the walled city. The visit, of course, was alleged to be entirely friendly, and the fact that it was unannounced was conveniently explained as a telegrapher's error,—but one may be pardoned for wondering if it were not more of a warning than a good will junket. No dispute was, let it be noted, pending at the time, but warnings are often issued as a matter of principle as well as for specific purposes.

Yunnan as a Buffer State

I said in my first article that I found no evidence that any French invasion of Yunnan was imminent. And as the obverse of possible eventual British annexation of Tibet which most likely would precipitate a change in French policy, it must be noted that any violent alteration in the present tactics of the Quai d'Orsay in Yunnan would have repercussions in Downing Street. For the British now undoubtedly regard Yunnan as a sort of buffer state

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between Burma and Indo-China. Siam serves as a buffer between most of the rest of Indo-China and Burma, with the half of Siam adjacent to Indo-China being recognized as a French sphere of influence while the half adjoining Burma is a British sphere of influence. Great Britain once apparently contemplated offering competition to France in exploiting Yunnan, and there was talk for years of a railway from Burma to Yunnanfu, but there is nothing to indicate that it is now under consideration. Great Britain still has some influence in the part of Yunnan adjacent to Burma and a Sino-British border dispute in Pi Ma and Kiang Sing Pu (along the Yunnan-Tibet-Burma boundary) is still in progress. It appears, however, to be more a matter of "face" than of importance, and England seems to be content to allow France to maintain uncontested its *present* strangle-hold on Yunnan. But if Paris upsets the existing balance of power, there would almost certainly be something more interesting than equanimity to report from London.

Now, since there looms no challenge in the predictable future to French domination of Yunnan, while the British hold on Tibet is more precarious, future changes, if any, are most likely to be precipitated in the land of the lamas unless, of course, something wholly out of the field of the present discussion arises sooner somewhere in the world to shake even the massive peaks of the Himalayas. In any event, judging by the sanguinary history of imperialism, the present balance of power in Central Asia can not exist indefinitely.

Meanwhile, Yunnan constitutes a French spearhead into China proper. Further, France regards as her sphere of influence all of China bordering on Indo-China,—that is, Kwangsi and western Kwangtung. There is a railway from Hanoi to near the Kwangsi border. In Kwangtung France now has a minor base in the leased territory of Kwangchowwan, and she also has some sort of a vested interest in Yamchow (or Chingchow) on the Kwangtung coast through the Yamchow-Chungking railway contract that has already been described. The large island of Hainan, said to be quite rich in various mineral resources and located across the Gulf of Tonkin from Haiphong, is also included in the French imperialistic sphere although British trade there is today greatly in excess of French trade. But of all countries, France only has a consul in Kiungchow, the principal city of Hainan Island. France also is the only country to maintain consulates in Lungchow and Nanning, in Kwangsi Province, and in Pakhoi, which is not far from Yamchow.

French Plans in the Far East

That France is still intent upon expanding and consolidating her Far Eastern empire was clearly indicated just recently in the annexation of the seven Coral Island in the South China Sea east of Saigon and southeast of Hainan Island. These islands comprise no more than 300 acres and apparently are of no commercial importance except for sea products and some small deposits of bird ordure, but as a writer in the French magazine *L'Illustration* pointed out, certain reefs there are 10 miles across and "enclose lagoons of calm water that can provide excellent refuge for seaplanes, submarines and small craft." Thus the islands loom as a naval and air base—*against whom?* The Japanese protests against the French annexation of the islands are doubtless quite sincere, despite the rather obvious understanding between Paris and Tokyo on the exploitation of China, but doubtless amity will eventually be fully restored and—who knows?—the isles might turn out to be a *joint* base for both France and Japan.

Reuter reported on August 28 this year from Rabat, Morocco, that with the surrender of Sheik Ouskounti France had completed "the pacification of French Morocco." In consequence, the Quai d'Orsay may now plan to devote its undivided imperialistic energy to the Far East.

Aside from possible developments in Central Asia, the Far Eastern balance of power has already been badly upset by Japan's conquest, and a new era of intensive western imperialism at the expense of China is almost inevitably bound to follow if it has not already started. Other powerful nations cannot afford in their own self interest, to let Japan get away with everything; if China is to be despoiled there must be some equity in the division. This does not necessarily mean actual annexation, either outright or through puppets. The other great powers might not care to add to their already extensive policing duties, and so will seek to offset Japan's gains by increasing demands for special rights in trade and exploitation in lieu of forthright seizures.

If that is to be the immediate policy of France, her strangle-hold on Yunnan gives her a powerful weapon in dealing with both Nanking and Canton. Despite transportation difficulties, Yunnan has sent forth three military expeditions in the last 17 years to engage in civil war in other parts of China. The first of them, in fact, was largely instrumental in preventing Yuan Shih-kai from becoming emperor in 1916. There is no evidence to indicate that France had anything to do with these expeditions of the past,—*but she could inspire similar expeditions in the future.*

In a previous article I quoted M. Baudez, French Consul in Yunnanfu, as explaining that he did not believe it would be possible for France to allow shipment in bond through Tonkin into Yunnan "in the present state of China" because "we never know when Yunnan might revolt against the central government in Nanking." Here is clear admission, even though probably not so intended, that France is in a position to keep Yunnan outwardly loyal to Nanking on a *quid pro quo* basis.

Yunnan could also be similarly manipulated against the Canton government. Perhaps that explains why Canton has taken so much greater interest in faraway Japanese imperialism than she has ever displayed in French imperialism in her own bailiwick, for Dr. Kan Chieh-hou, one of the leaders of the Canton clique, is inspector-general for foreign affairs in the five southwestern provinces, which includes Yunnan. Last June, before I knew anything about the Yunnan situation save second hand, I asked Dr. Kan about various reports I had heard. He assured me he had investigated all of them, and there was nothing to worry about. A little tension had arisen, he said, because the son of Governor Lung Yun had had some difficulties with French customs inspectors on his return from Europe through Indo-China, but it was nothing serious. Further, Dr. Kan boasted that Yunnan had enough troops to drive the French out of Indo-China if they started anything.

In regard to the incident involving the governor's son, Dr. Kan was right; it was not serious. Whether there was anything else for the Chinese to worry about, I leave to the best judgment of the readers of these articles. As to the strength of the Yunnan army, Dr. Kan must have been badly misinformed. In size it may outnumber the French troops in Indo-China; I don't know. But with no artillery heavier than two-pounders, only a few airplanes capable of flying (several of the planes that have been purchased have cracked up), only one or two really competent pilots, and largely directed by a corrupt and opium-soaked general staff, the Yunnan army would have little chance in either offense or defense against the efficient and well equipped French forces. The Yunnan army might make excellent headway in a civil war where it faced troops similarly handicapped, but except for a miracle it could not be expected to defend the province successfully against a French invasion. A few thousand Foreign Legionnaires with the assistance of an airplane squadron could probably take most of Yunnan as quickly as the Japanese did Jehol, both areas having a somewhat similar terrain. The railway in Yunnan would be of no value to either side in warfare, for it could be easily and completely incapacitated by destruction of a few bridges and tunnels, but the railway in Tonkin could be readily used by the French to rush all troops and equipment needed to the border.

No Invasion of Yunnan Contemplated

If one may believe M. Baudez, however, a trial by combat is very unlikely ever to happen.

"Would France under any circumstannces ever invade Yunnan?" I asked him.

"I think not," he replied.

I then presented a hypothetical situation of the province turning Red and asked him what action France might be expected to take.

"I think," he said, "that we would abandon the railway and close the frontier. After all, France has had many opportunities in the past to take Yunnan, and not one of them has ever been used. It would appear extremely unlikely, therefore, that we would make any attempt to seize it at this late date."

M. Baudez also repeated the customary French denial that there is any undestanding between Paris and Tokyo on Yunnan and Manchuria, and stated that the chief object of the French in Yunnan was to operate the railway.

M. Baudez, of course, is quite right in saying that France has neglected many opportunities to annex Yunnan. Had she desired, she probably could have seized it immediately the taking of Tonkin although, considering

the terrain, it could have been much more easily defended against weapons available in those days that it could today against aerial conquest. Thus, in one way, this "late date" might be more propitious than four decades ago. Nevertheless, no one, at least publicly, in recent years suspected France of other designs in Yunnan than she had already achieved until Japan grabbed Manchuria and so started a "new deal" in eastern Asia.

However, M. Baudez may be entirely accurate in his disavowal of French annexation ambitions, for in the "new deal" of imperialism control of an area seems to be preferred to outright and forthright ownership,—and France's control of Yunnan is today so thorough and complete as to make the province practically one of the "protectorates" of Indo-China.

(This is the concluding article of the series by Wilbur Burton)

MANCHURIA WILL NOT SOLVE JAPAN'S ECONOMIC PROBLEMS

(Continued from page 237)

huge internal debt and high taxes will likewise serve to remind her of another portion of the price.

In closing may I say that I do not believe that controlling Manchuria will provide Japan with adequate solutions to he most pressing economic problems. Her population and trade problems are yet before her and time is of the essence in their solution. Further, the heavy costs of the venture and the venture itself have aggravated and precipitated other problems, the magnitude and seriousness of which have yet to be fully realized. With a more judicious handling of her Manchurian problem, Japan was destined to gain much of what she will obtain in Manchuria, and insofar as *net economic gain* is concerned, she could easily and might wisely have spared herself the cost of the entire venture. She may get more out of Manchuria economically than she otherwise would have, but this possible gain in my opinion has been bought too dearly.

A Suggestion that China Pay for Cotton with Silk

Wang Pao-kwei contributed an editorial to the *China Times*, prominent Chinese daily newspaper in Shanghai Sept. 28, on the theme, "Refund the U.S.$50,000,000 American cotton and wheat loan with Chinese silk and tea!" If the United States Government is in earnest in helping China to hurdle this chaotic period as it has declared in extending the five-year credit to this country, it should, to live up to its declaration, express its willingness to accept redemption of the loan in forms of silk and tea consignments, Mr. Wang argued. The United States is consuming a great deal of raw silk and tea, the commodities which China produces in abundance and for which it cannot find a market at the present moment, Mr. Wang reasons. Therefore, close friendly relations and cooperation could be attained if the United States Government would accept silk and tea in payment of the American cotton and wheat loaned to China, he said, addeing:

"The annual consumption of silk in the United States has been approximately 600,000 bales. Despite the depression, she imported no less than 553,888 bales, of which one-fifth is imported from Japan. The Chinese silk export in 1928 and 1929 averaged about 100,000 bales and had dropped since 1930 to less than 50,000 bales. It shows a clear picture that the United States has turned to other countries for silk imports.

"If raw silk may be used to redeem the huge loan, the government can purchase raw silk from the domestic market as a measure to encourage and relieve the silk industry in China. Fears that the quality of Chinese silk may be inferior and therefore considered unacceptable to American manufacturers do not constitute a strong objection to the plan as China may take a further step by co-operating with the American silk inspecting department to examine all domestic outputs before their import to the United States."

With the first consignment of the American loaned cotton which arrived here last week on the s.s. *Ethan Allen*, leading Chinese cotton mill managers have indicated that they would place orders with the National Government as soon as arrangements are concluded with T. V. Soong authorizing them to negotiate for lower prices with the American producers.

If the arrangements are favorably settled, Yung Chung-chin, leading cotton mill owner, declared, he would lead in placing a big order with the government.

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History of Aviation Development in China

BY C. Y. W. MENG (孟 長 泳)

THE modern development of aviation in China began with the exhibition flights at Shanghai in 1906, given by a French pilot named Vallon, whose plane crashed to the ground and who in consequence lost his life. The Chinese interest in aviation was further stimulated by flights over the Legation Quarter in Peking by a Russian in a Bleriot monoplane and in that year (1910) the General Staff attempted to establish a small plant near Nanyuan for the manufacture of airplanes.

During the Revolution in 1911 the Southern leaders planned to attack Peking by air and purchased two Etrich monoplanes in Austria which did not arrive until the end of 1912 when they were put in charge of a British returned student, a Z. Y. Lee. During the same year an American returned student, Feng Yu, did exhibition flying over Canton, but was killed in an accident.

In 1913 Mr. Lee with his two Etrich planes was moved to Nanking and then to the Nanyuan field where Tsao Kun was then garrison commander. Interest in flying was stimulated by Mr. Lee's arrival, and General Tsao Kun raised $300,000 for the purchase of 12 Caudron biplanes and the equipment of workshops and a school. Two French and two Chinese instructors and two French mechanics were employed. During the Great War, as supplies were difficult to obtain, there was no increase in equipment.

The First Chinese Manufacture of Aircraft

In 1916, experiments commenced at Foochow in the manufacture of airplanes but were discouraged by the collapse of the machine because of engine trouble while in flying, and were finally abandoned about 1921.

In 1919 the Chinese Government signed contracts with the Handley-Page Company for the purchase of six large passenger planes and with Vickers for 40 Vickers-Vimy commercial planes, 40 Vimy training machines and for 65 Avro planes. The British, American and French instructors with war experiences including Group Captain F. V. Holt from the British air ministry, were employed, as well as a number of expert mechanics. The school at Nanyuan took on a flourishing aspect in 1920 and elaborate schemes were propounded for the development of a commercial air service along all of China's principal trade routes.

In the Autumn of 1919 there were two Aeronautical Departments, one commercial, the other military, the former under General Ting Shih-yuan, the latter under General Ting Chin (Mouhan K. Tinn). During the fighting in the Summer of 1920 between the Anfu Government and Wu Pei-fu, the two services were amalgamated under Ting Shih-yuan for military purposes and all the available planes were used for observation and bombing. After the defeat of the Anfu Government, the planes were divided between the victors, who carried them away to Mukden and Paotingfu.

In 1921, Canton began to obtain Curtis planes and to develop its own aviation department, while Mukden and Paotingfu each developed a school and airdrome of its own.

The First Peking-Shanghai Air Service

In February 1921, after the Italian flight to the Orient, one of the Italian machines was presented to the Peking Government. In the Summer of the same year an attempt was made to inaugurate a Peking-Shanghai air mail service and some flights were actually made to Tsinanfu in Shantung. A passenger and mail service to Peitaiho was also opened and continued to function with some interruptions until the end of the Summer of 1924 since when it has been abandoned.

But since the spring of 1922, after the Fengtien-Chihli war, there has been a decline in aviation development. Captain Holt, who did the mayor work among foreign instructors, resigned. Petty politics and nepotism had crept into the aviation school and the students were undisciplined and inefficient.

Since April 1924, when the last of the Vickers-Vimy planes were taken to Kalgan, there has been no aeronautical department.

But the provinces, notably Fengtien, have developed their own aviation departments. The Mukden school employed instructors of various nationalities in the past. In the past four years Chang Tso-lin purchased about 150 planes from various French firms; of these 40 were new Schreck seaplanes (amphibian) and others were Caudron and Breguet.

In Tsinanfu, General Chang Chung-chang established what was probably the largest airdrome in China and he purchased 6 Potex-Anzani (75 C.V.) machines, and he employed one French and two Japanese instructors.

In Yunnanfu there were 10 Caudron and Breguet planes. A French Captain on active service acted as aviation adviser to the Yunnnan Government; and two French pilots, as well as a number of Annamite machinists were employed.

In Taiyuanfu (Shansi) Governor Yen Hsi-sen undertook to build his own planes and latterly employed two German experts, but without much success.

Up to 1927, in North China it is possible to account for about 140 planes in actual flying condition. In South China, including Yunnan, there were possibly 30 more, including 10 Curtis J. N. Besides these, the Navy was credited with 12 seaplanes. A few planes were privately owned by foreigners. Altogether there are probably less than 200 serviceable planes in the country, although one estimate from a reliable source runs as high as 240.

The First Aviation Company

On April 20, 1929, a contract was signed at Nanking between Sun Fo, Minister of Railways, and President of the China National Aviation Corporation, and Aviation Exploration Inc. providing for the establishment of regular air mails. By the Agreement, the China National Aviation Corporation agreed to have the necessary equipment ready for immediate operation of the following three initial air mail routes, namely, Shanghai via Nanking to Hankow; Nanking via Hsuchowfu, Tsinan, Tientsin to Peiping; and Hankow via Changsha to Canton. The Agreement also provided for the extension of the routes to Harbin via Mukden; from Shanghai to Canton via Ningpo or Wenchow, Foochow, Amoy, and Swatow. It is interesting to notice that the Article 13 of the Agreement provides: "It is the definite policy of the Company to use Chinese personnel just as soon as such qualified personnel is available. If it is possible, the Company will start using Chinese personnel from the beginning." This is certainly a very significant step, for it is quite necessary to avoid foreign domination in a joint enterprise on one hand, and to train up more Chinese to be aviators on the other.

During 1932 the Sino-American airline, operating amphibians on the Yangtze from Shanghai to Chungking with stops at Nanking, Anking, Kiukiang, Hankow and Ichang maintained a daily service between Shanghai and Hankow, and a bi-weekly service between Hankow and Chungking. It extended its operations to include a tri-weekly service between Shanghai and Peiping. via Haichow, Tsingtao and Tientsin, which was converted into a daily service in the Spring of 1933, when there was more passenger traffic to and from Tsingtao.

As a result of the adoption of air-transport it is now possible to travel from Hankow to Chungking in seven hours, as compared with the eight to ten days taken by river steamers.

The Sino-American air service actually operated 98 per cent of its scheduled flights during 1932 without any mishaps. Lost flights were due to fog and weather conditions. Even during the Sino-Japanese hostilities in the vicinity of Shanghai in January-March 1932, the amphibians maintained their regular service between Shanghai and up-river ports while for two months when the Shanghai-Nanking Railway had suspended operation, an extra round trip was made daily between Shanghai and Nanking.

New operations are also planned by this Company from Hankow to Sian, from Shanghai down the coast to Canton and with light planes carrying mail only from Kiukiang to Canton. Thus a net of airlines is extending valuable service to the important centres of China and at the same time forming a connecting link for still wider international operations of the future. The Sino-American company maintains its own radio chain and meteorological service, which is the only system in China dispensing weather information suitable for aviation purposes.

Eurasia Aviation Corporation

The Sino-German airline connecting Shanghai, Nanking, Peiping and Manchouli was inaugurated in 1931 for the purpose of establishing a continuous airmail connection with Europe through Russia. However,

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much difficulty was experienced from the beginning. A satisfactory arrangement could not be arrived at with the Soviets, resulting in mails being carried at least part of the way by rail, and later one of their machines was forced down in Outer Mongolia where the pilot and mechanic were held prisoner under distressing circumstances for some months. After operating for a short while the idea of crossing Outer Mongolia was abandoned and the line discontinued.

There was considerable activity on the part of the Eurasia interests in 1932. Wireless stations were installed at the landing ground. There were several trial flights to North-West China; and weekly services were inaugurated on December 15 between Peiping and Lanchow, and Nanking and Lanchow via Loyang. This route, however, must still be regarded as being in the experimental stage. Both in Sinkiang (Chinese Turkestan) and in Kansu great difficulty has been experienced in obtaining petrol and supplies, neither roads nor railways being available for their transportation.

Plans have been reported for the extension of an European-operated airline from Siam and Netherlands India through French Indo-China to Hongkong and Canton, as well as extension up the coast and to Japan.

Colonel Lindbergh's Flight to China

During these recent years China has been visited by many foreign around-the-world aviators. In 1931 Colonel and Mrs. Charles Lindbergh visited China. His flight to China had another stimulating effect in arousing the Chinese interest in aviation development. In that year China was suffering from an unprecedented flood. Colonel Lindbergh immediately offered his services to the Chinese Government to do some surveying work in the flooded areas and the distribution of supplies—a service which was undoubtedly greatly appreciated hy the Chinese masses, but also gave a very good impression to the Chinese by reminding them of the usefulness of the development of aviation, not only in the nature of national defence but also for many other useful purposes.

In 1932 Captain von Gronau visited China in the course of his round-the-world flight in a Dornier Flying Boat. He crossed the Pacific from the East to West, landing at islands in the Kurile and Aleutian groups. All these flights encouraged the Chinese very much to take more interest in developing their aviation services.

China's Lindbergh

Foreigners who have had experience in the training of Chinese pilots agree that the Chinese are clever, level-deaded and courageous fliers. The around-the-country flight conducted by Colonel Chang Hui-cheng, the first flight of this kind, demonstrated the ability and courage of Chinese aviators. Col. Chang is a returned student from America where he learned the art of flying. He started his flight from Canton up to Mudken. He was welcomed everywhere.

Only recently, another Chinese avaitor who received his training in Germany flew back to China by air. Not being satisfied with the success of his cross-Continent flight this young Chinese aviator, Sun Tung-kang, is now flying around the country. At the time when this article is written (September 28) Mr. Sun has already started his flight. He states that he will fly "back" to Germany to receive more training after the completion of his around-the-country flight.

Military Aviation

Chinese military aviation has made distrinct advances during the year in spite of political dissension. In April, shortly after a general conference in Nanking of aviation delegates from all parts of China, planes of British, American and German manufacture were demonstrated.

The majority of combat airplanes used by the Chinese Air Force are of a thoroughly modern and effective observation, or light-bombardment, type, mostly of American manufacture. Nanking, however has one squadron of two-seater fighters, German designed, Swedish-built machines; and there is a sprinkling of individual combat planes of various designs and countries of origin. Training and transport planes have on occasion also been impressed into service for light bombardment and observation purposes.

Military aircraft were employed extensively in various bandit suppression campaigns and for carrying officials and messages where other means of communications were inadequate. The establishment of planes of the North-Western Air Force base in Mukden was another success, but unfortunately, all these planes fell into the hands of the Japanese when they captured Mukden.

The Aviation Bureau was abolished in September 1932 when the Air Force was placed under the direct control of the Military Affairs Commission. A new Aviation School, known as the Central Aviation School, was opened at Hangchow in the same month, staffed with American instructors.

Manufacture of Aircraft

Though the manufacture of aircraft has not been engaged in to any great extent, some manufacturing has been done. During the past year the Naval Aircraft Factory was removed from Mamoi to Shanghai and has since, in addition to rebuilding imported machines, constructed two convertible (land or sea) two-place biplanes powered with 165 h.p. radial air-cooled engines. Three two-place machines were also constructed in Canton. Recently, Captain Chen Wen-lin of the Ministry of Navy has completed the building of another plane with which he is to start around-the-country flight with the famous Chinese aviator Sun Tung-kan, who flew back to China from Berlin.

Airplanes' Contribution Campaign

During the Sino-Japanese hostilities in 1931-2 the Chinese suffered terribly from the Japanese air bombardments. The Chinese Air Force offered practically no resistance to the Japanese, who bombed and destroyed the Hungjao and Hangchow Airdromes, wrecking a number of Chinese machines. But the destruction proved to be a "blessing in disguise," for after the hostilities, the Chinese realized the necessity of developing their air forces. A nation-wide campaign for funds to buy more aircraft to be presented to the Government was immediately started. Up to now, it is reported that about a sum of two million dollars has been collected, which would be sufficient to buy about twenty aircraft. In presenting the air craft to the Government, the contributors always make it very clear to the Government that the aircraft is only to be used for opposing the foreign aggression, but "not for civil war!" It is reported that the Government is taking more steps to equip the Chinese air force with about 1,000 planes in three years. In view of the size of the country, we doubt whether such number of aircraft will be sufficient to meet the emergency.

Future of Chinese Aviation

China certainly has made a good start in developing her aviation. But more steps have to be taken to hasten the development. At present the postage for mails through air service is too costly. The passenger rate is also too high. It is beyond the ability of the average Chinese to pay. It is hoped that the Government, with a view to encouraging the development of air service, will see its way to give some subsidies to be derived from other sources of income to warrant a decrease in the postal and passenger rate of the air service. In all other countries, when the air service is first started, it always received some subsidies from the Government. After a period of development when the air service turns out to be a profitable enterprise, the Government ceases to give any help. China should do the same.

At present, private flying is prohibited. The examination given to fliers who want to apply for certificates is too severe. According to the requirements it practically requires one to have a thorough knowledge of astronomy, physics, mathematics etc. Such prohibition in private flying certainly has the retarding effect on general development of Chinese aviation. Such hardship in the requirements certainly has the bad effect of discouraging the Chinese youths to learn flying. Thus, it is earnestly hoped that private ownership of airplanes will be permitted, and more aviation schools will be established to train up more Chinese to be aviators.

Nanking, September 28, 1933.

One Thousand Chinese Shanghai Power Co. Employees on Strike

Five hundred Chinese employees of the Riverside plant of the Shanghai Power Co. went on strike Sept. 29, as a result of three workers having been dismissed because of bad conduct. The Company refuses to pay retirement gratuity in such cases. The workers claim that this action of the company foreshadows a plan to abandon the custom of retirement gratuities entirely. Failing in their attempts to interview officials of the Power Co., a delegation of workers called on J. R. Jones, the secretary of the Municipal Council, who told them he could offer no solution to their problem. Five hundred other workers joined the strike several days later.

Curtiss Wright Receives $2,500,000 in Export Orders

The announcement is made by Curtiss Wright of export orders of over $2,500,000 from January 1 until June 30, a total equal to the entire export business during 1932, when Curtiss Wright exported more products than any other aviation manufacturing concern in the world.

The orders include 54 Curtiss Hawks powered by the new 700 H.P. Wright Cyclone Engine; 9 Curtiss Falcon 2-seat Observation bi-planes powered by the 700 H.P. Cyclone Engine; 9 Whirlwind-powered Curtiss Wright Trainers; 4 Curtiss Wright Ospreys powered by 420 H.P. Wright Whirlwind Engines; and 30—700 H.P. These constitute the larger part of the export orders.

Great progress has been made by the Company in the past two years in placing its planes and engines in countries where in the past American built equipment had not been purchased. The complete satisfaction of these foreign countries with the performance of the planes built in America has resulted in this very rapid increase in foreign business. The entire 101 planes sold are repeat orders from countries who purchased Curtiss Wright planes and motors in 1931 and 1932.

It is interesting to note that at present the Fokker Company of Holland is building three new monoplanes, a twin-motored, a trimotored and a 4-motored, all of which will be powered by the 700 HP Wright Cyclone engines. These planes are being constructed for K. L. M. Air Lines who operate the longest commercial air line in the world between Amsterdam and Batavia, a distance exceeding 9000 miles. Curtiss-Wright engines are also being used on other European transport lines including Avio Lines between Rome and Zurich, by Swissair between Zurich and Vienna; (This line is operating the fastest transport service in Europe using American built Cyclone-powered Lockheeds); by Deruluft Air Lines between Berlin and Moscow; by Czechoslovakian Air Transport Company, China National Aviation Corporation, as well as in Spain, Japan, Canada, Mexico, Australia, and several Central and South American countries.

The extent to which the American aviation industry is developing its markets throughout the world is indicated by the fact that shipments have been made by Curtiss Wright during the past six months to Russia, China, Germany, Spain, Poland, Switzerland, France, Holland, Italy, Czechoslavakia, Sweden, Bulgaria, Colombia, Chile, Peru, Bolivia, Ecuador, Venezuela, Argentina, Brazil, Mexico, Guatemala, Honduras, Santo Domingo, Porto Rico, Cuba, El Salvador, Canada, Australia, Philippines, Turkey, and the Dutch East Indies.

The Argentine Government in their plant at Cordoba this year, started the manufacture of Wright Cyclone engines through a license agreement with the Wright Aeronautical Corporation. The first 50 Cyclones are now in the process of production in this new Argentine plant, the only aircraft engine manufacturing company in South America.

At the request of the Turkish Government, Curtiss Wright personnel have served 4,200 miles of proposed air lines in Turkey. The first air line of the Turkish Government is now in operation between Ankara and Istanbul, using Curtiss Wright Kingbird transports. These planes are being flown by American pilots.

Last year the Turkish Government purchased 24 Cyclone-powered Curtiss Hawk Pursuit Planes as well as six Curtiss Fledgling Training Bi-planes. Under the supervision of American personnel the Turkish Government are now building Curtiss Hawks and Fledgling Trainers in their own plant at Eskisehir.

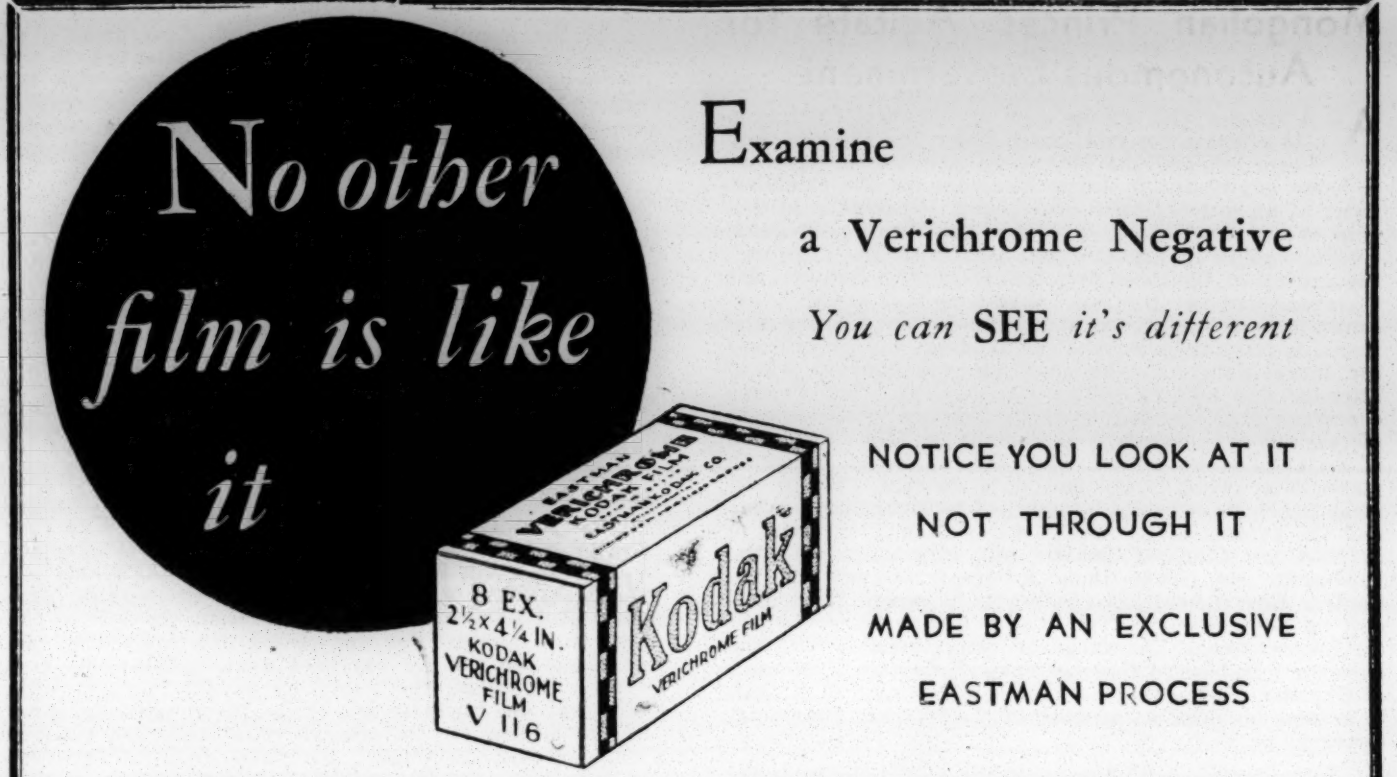
This rapid growth in the export field for American aeronautical products indicates the great progress that is being made in the engineering and technical fields of American aviation.

Soviets Refuse Wheat Quota---U.S. Recognition Delayed

Soviet Russia has rejected the sales quota of 37,000,000 bushels set for her by the London Wheat Conference.

This refusal to accept a wheat sales quota may further delay diplomatic recognition by the United States, but most circles in Moscow believe that the delay will be brief.

W. G. McAdoo, former U. S. Secretary of the Treasury, arrived in Moscow Sept. 29.



Shanghai's Difficulties in Suppressing Opium Traffic

A special article in the *North China Daily News* discusses the difficulties of the Shanghai Municipal Police in suppressing opium smuggling, chiefly on account of the peculiarity of the Settlement boundaries and the existence of four (including the River Police) different police administrative areas, which form an area distinct in itself with no natural boundaries between its component parts. The boundaries are in some cases merely streets, and sometimes pass through the interiors of houses. While the Police Forces endeavor to co-operate with each other, under the circutances full co-operation is impossible because of fundamental differences in ideas of police administration. The activities of the Municipal Police appear to have had the effect of making the trade in the Settlement more and more difficult. It is stated that the illicit traffic in opium shows no signs of diminution, and consequently the efforts of the Narcotic Section of the Shanghai Municipal Police have to be maintained at full pressure.

At a meeting of the National Opium-Suppression Committee at Nanking Sept. 29, held under the chairmanship of Dr. J. Heng Liu, it was decided that in accordance with the Regulations governing the enforcement of the Opium Suppression Law, the various Provincial Governments be instructed to strictly prohibit the cultivation of the opium poppy in the various districts under their respective jurisdictions.

In a petition to the Executive Yuan, the Ministry of Finance and the National Opium-Suppression Commission request that the practice instituted by the Special Revenue Department at Hankow of despatching agents to the various steamers passing through the port for the purpose of searching for contraband, be discontinued.

Ezra Accomplice Convicted in Shanghai

Convicted of being an accomplice of the Ezra brothers, who were recently sentenced to 12 years imprisonment by a court in San Francisco on charges of violations of the narcotic laws, Chin Tsai-nan, a rich local Chinese pharmacist, was sentenced to two years' imprisonment, being given besides a fine of $4,000, by the Second Special District Court, end of last week. During a raid on Chin's residence in the French Concession accounts of smuggled narcotics, telegrams, and letters, which unmistakably pointed to his guilt, were seized. His arrest was requested by the American Consulate, which informed the police of his address and car number. The information was obtained from the Ezra brothers, it was said.

Japanese Lease Land in Abyssinia—to Raise Opium

A party of Japanese pioneer traders who went to Abyssinia last year have now acquired a lease of more than a million acres and the sole right of growing poppy, according to the *Kobe Shimbun*. In August last year the Japan-Ethiopian Association sent a mission to Abyssinia, with a view to exploiting economic resources there, developing trade, and opening up an outlet for the overflowing Japanese population. This party received a warm welcome from the Abyassinian Government when it arrived at Adis Abeba, the capital. After studying the economic conditions there, the party formed a caravan which, laden with large quantities of cotton farbrics, patent medicines, sundry goods and agricultural implements, penetrated into the interior, particularly the Gurage district. Wherever the caravan visited, it is said, a warm reception was accorded by the local authorities. The final outcome was the lease of land as above stated. Emigration on a large scale from Japan is expected to follow.

Further Steps Toward Compulsory Military Service in China

With a view to developing the national physique and enforcing military training among the people the Inspectorate-General of Military Training at Nanking is contemplating the establishment of a People's Military Training School. It is learnt that the school will be divided into three departments—for special, general, and supplementary courses.

Mongolian Princes Agitate for Autonomous Government

AS a sinister plot on the part of Japanese intriguers to alienate the relations between the Chinese Government and the Mongolian princes, an agitation is being engineered in Inner Mongolia for the establishment of an autonomous Government. Under the leadership of one Teh Wang or Prince Teh-Mu-Chu-Ko-Tung-Lu-Pu who is in intimate relations with the Japanese, the princes of the three principal leagues in Suiyuan and Charhar, namely, Silingol, Ulan-tsas and Iededzu, recently held a conference at Pailinmiao in Suiyuan and issued a circular telegram, demanding sief-government for Inner Mongolia. The meeting was however poorly attended and nothing substantial resulted. The Princes concerned then decided to hold another conference to discuss more concretely the plan for the formation of an autonomous government, but again it failed to materialize owing to the lack of a quorum. The movement is being sponsored by only a few Mongolian leaders and the princes of the twelve Inner Mongolian Banners in Northern Charhar disavow any connection with the movement and pledge their continued support for the Central Government. According to a report from Kalgan on September 29, Teh Wang, finding little support for his movement, has announced his severance with the movement and wired General Sung Chih-yuan, Chairman of Charhar, saying that he was shortly coming to Kalgan to assume his office as member of the Charhar Provincial Government.

In connection with the autonomy movement in Inner Mongolia, the Mongolian and Tibetan Affairs Committee, at a meeting held on September 29, decided to recommend to the Executive Yuan that in so far as no infringement of the authority of the Central Government or the existing laws concerning district autonomy is involved, the Inner Mongolian Leagues may be granted the right of local self-government, provided such is exercised under the direction and supervision of the Central Authorities. The Committee will further recommend that in case the Government is favorably disposed towards granting the right of self-government to the Mongolians, a special organ will be established in Inner Mongolia to direct the self-governing bodies as well as to maintain contact between the Mongolians and the Central Government.

At a meeting of the Executive Yuan on Sept. 29, it was decided to send a high Government Commissioner to Inner Mongolia to investigate the situation and direct the autonomous rule and General Huang Shao-hsiung, Minister of Interior, has been chosen for the mission. General Huang will leave for Charhar as soon as definite instructions are received from the Government regarding the policy he is to pursue there. Prior to his departure for the North, it is understood that the Government will first summon a meeting of the Mongolian representatives at Nanking and discuss the attitude the government should take towards the present situation in Inner Mongolia. After General Huang arrives at Kalgan, he will call a conference of the Mongolian princes and explain to them the relations between the Central Government and Inner Mongolia. In case an autonomous Government is insisted upon by the Mongolian leaders, General Huang will assist in making agreements in order to prevent the Mongolian leagues from being misled by Manchukuo or Japanese officials. It is learned that Pai Yun-ti, a Mongolian member of the Mongolian and Tibetan Affairs Commission, will accompany General Huang in his mission, as Mr. Pai is well-acquianted with the conditions in Inner Mongolia. In addition to the despatch of General Huang, the Central authorities have also decided to send Shih Ching-yang, Chairman of the Mongolian and Tibetan Affairs Committee, to the Mongolian leagues to assist the various Mongolian princes and dukes in preparing for the institution of self-government. In an interview, Mr. Shih stated that there are no ulterior motives behind the declaration of self-government recently issued by the Mongolian leaders. The sole object is to institute a system of local autonomy for Inner Mongolia. As heretofore, they will abide by the instructions of the Central Government with regard to Party and political affairs. It is reported that the Government has decided to give the Mongolians every assistance in the autonomous rule, but the autonomous government must be organised along the lines decided upon by the Central Government; otherwise the Government will take effective measures to curb the movement.

In the meantime, the Provincial Governments of Charhar and Suiyuan are paying close attention to the movement in their territory and co-operating with the Central Government in the pacification of the Mongolian princes and the improvement of the Mongolian administration. Hsiao Cheng-yin, a member of the Charhar Provincial Government, went from Kalgan on September 26 to Mingan in north-eastern Suiyuan to see the Mongolian leaders and discuss the situation in Inner Mongolia. Mr. Hsiao advised Prince Teh to abandon his movement and warned him not to be misled by the Japanese intriguers. General Chiang Kai-shek, President of the Military Affairs Commission, in a telegram to Mr. Hsiao on Oct. 2 instructed that detailed measures for the pacification of Inner Mongolia be formulated. Chang Chia, Special Cultural Commissioner for the Mongolian Banners, arrived at Peiping from Taiyuan, provincial capital of Shansi, on Sept. 4 in connection with the Mongolian situation.

The *World Daily News* at Peiping in an editorial comment on the autonomy movement in Inner Mongolia, declared that China has no quarrel with the Wilsonian principle of the right of self-determination of peoples but in the present instance, the demand of the Mongolian princes for autonomy comes from a few disgruntled Mongolian politicians and does not represent the will of the people as a whole. For this reason, the paper said, the movement can not be regarded as a spontaneous one. In the first place, the paper continued, there is little doubt that the Japanese are behind the present agitation and are ploting for the creation what they had planned a "Mongol-Manchu" State. Secondly, since the Japanese are responsible for the agitation, it goes without saying that the movement is closely connected with the puppet state of Manchukuo and will eventually amalgamate with that puppet regime. Thirdly, although the movement is supposed to be sponsored by the Princes of the Three Mongolian Leagues, the real moving spirit is Prince Teh-Mu-Chu-Ko-Tung-Lu-Pu and he is known to be in league with the Japanese. Prince Teh has a large following among the Mongols and has long aspired to the leadership of all the Leagues in Inner Mongolia. Since the organization of the Charhar Provincial Government in 1928, he has been made a member of the Provincial Government and has been retained in that position despite the political changes that have taken place during the past five years. In the recent adventure of Marshal Feng Yu-hsiang, he took a prominent part, being one of the commanders in the Anti-Japanese Armies. It is therefore extremely regrettable, the paper commeted, that he should now lend himself to the intrigues of the Japanese to undermine China. Finally, the paper suggested two urgent measures in the dealing with the Mongolian situation:

"In the first place, the Government should send an official who commands the confidence and respect of the Mongolians to Inner Mongolia to communicate the goodwill of the Central Authorities towards them. It should be pointed out to them that the Government has never shown any discrimination against them and that, in the reorganized Chahar Provincial Government, three of the ten members are Mongolians. Secondly, Teh Wang should be invited to come to Kalgan and to participate in the Provincial Government. The Government should use moral suasion first with the leaders of the autonomy movement, failing which a display of force is necessary.

"As regards fundamental measures, the Government should abolish the present political system in Inner Mongolia, which is reminiscent of the old monarchical order with its hereditary Princes and Dukes. This system has long aroused the opposition of young Mongols and so long as it exists the common people have no political freedom. Finally, the Government should develop communication between Inner Mongolia and China Proper and also foster closer cultural and economic relations."

Two Chinese Gunboats to Be Launched October 10

Two more gunboats constructed by the Ministry of the Navy will be launched on October 10. These two will make the fifth and sixth gunboats constructed by the Ministry during the last two years. The two new boats will be formally commissioned in Janury next. In all a fleet of ten gunboats is to be completed within the next year.

Dr. Wellington Koo Paints Black Picture of Far Eastern Situation

A black picture of the situation in the Far East was painted by Dr. Wellington Koo, the chief Chinese delegate, in an address to the League Assembly in Geneva Sept. 29. Measured by the success or failure of its efforts in the political sphere, Dr. Koo said, the past year must be considered the most disillusioning one for the League of Nations since its establishment. This disillusionment, China, a victim of armed aggression and a member of the League, shares most keenly, he said. The initial act, an undeclared war, took place on September 18, 1931. Seventeen months later the Assembly pronounced a verdict which was accepted by all members of the League, that Japan's occupation of the Three Eastern Provinces was a violation of the League Covenant, the Pact of Paris and the Nine-Power Pact. Japan next attacked and occupied Jehol, Dr. Koo continued, and threatened the security of Peiping and Tientsin. China, rallying all her available resources, was unable to check single-handed the onslaught of the invaders. After a bitter struggle lasting fifty days, in which she lost 30,000 dead and wounded, China was obliged to sign a truce at Tangku on May 31, 1933. Although the Japanese troops had since been gradually withdrawn from the neighborhood of Tientsin and Peiping, the four Eastern Provinces remained in their possession, contrary to Article X. China was determined, Dr. Koo went on, to maintain all her rights and claims and would never recognize or acquiesce in an illegal accomplished fact. By maintaining this stand China considered that she was not only endeavoring to reserve her territorial integrity, but resisting an attempt to convert the League Covenant into a scrap of paper. That attempt, said Dr. Koo, was now taking the form of very strong pressure to induce China to abandon her policy of co-operation with the League and to adopt the principle of "Asia for the Asiatics." Juridically the situation was unchanged, he continued. The Covenant must be upheld. It was regrettable, he said that the unanimous Report of the special Assembly had not yet been carried out. If the Covenant was a scrap of paper east of Suez, how could it become a reality in Europe?

Japan has protested to Nanking against the activities of Dr. Wellington Koo, chief Chinese delegate to the Assembly of the League of Nations at Geneva, on the ground that they are a violation of the spirit of the Tangku agreement.

Opium in China Discussed at Geneva

A discussion of the report by the permanent Central Opium Board council took place in Geneva Sept. 28. Mr. Kelly (Irish Free State) drew attention to the danger presented by the growth and manufacture of drugs in China. He said that he recognized that steps were being taken by the Chinese government and also the special difficulties of the Chinese government, but it was the duty of the Board to prevent any country from becoming a danger to others.

Sir John Simon (British) protested against a phrase in the report saying that difficulties were enhanced by the existence of leased territories and concessions where the manufacture of drugs went on with the Chinese police not able to interfere. He said that British areas had effective regulations, which were carried out.

A controversy arose at Geneva, Sept. 30, at the meeting of the League of Nations Commission on Narcotics between Miss Horsbrugh, the British delegate, and Victor Hoo, Chinese Minister at Berne and delegate. Miss Horsbrugh, speaking before the Commission, emphasized the necessity of inquiring into the narcotic traffic in China and drew the Commission's attention to the annual report presented to the League Advisory Committee on Opium by the authorities of the British Concession in Tientsin.

Mr. Hoo pointed out that the British delegate when speaking of the light punishment meted out to opium manufactures in Tientsin had omitted to explain that the head of the ring referred to was a Japanese and that, so far, he had not been traced. The five Chinese arrested were only his accomplices, and, therefore, they were given less severe penalties. Generally speaking, Mr. Hoo added, the Chinese authorities dealt with such people very severely. In some outlying provinces, smugglers were even decapitated.

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Troops Mass at Nanchang for Attack on Reds

Upwards of 200,000 National Government troops are being concentrated in northern Kiangsi preparatory to dealing with the red forces which have during the past several years wrought so much havoc in said province, and in Fukien, during the past three years. Troops from Nanking and the north passed through Kiukiang in large numbers last week, these movements coinciding with the arrival of the Generalissimo Chiang Kai-shek at Nanchang a few days previously. General Chiang has with him a bodyguard of several hundred German-trained troops from Nanking, the best in China.

In a recent interview Gen. Hsiung Shih-hui, Governor of Kiangsi, stated that his administration was tackling the problem presented by the Communist menace in South Kiangsi in three ways, building roads, fortifying villages, and reorganising rural areas. The roads to Nanfeng and Kian already had been completed, he said, and, where they were open to raids from the Red Army, they were protected by a string of blockhouses, so that the public bus service was functioning with commendable safety. All towns and villages containing two hundred families or more had been fortified and their defence organized by the People's Defence Corps. They had been linked together by telephone, so that, immediately news of a raid reached the local magistrate, he could mobilize the defence corps in his area. Gen. Chiang Kai-shek, he said, was confident that the greater part, if not the whole, of the Red area in South Kiangsi would be in the hands of the Government by Christmas.

A circular order has been issued by General Chiang Kai-shek to the Kiangsi Provincial Government and the Commanders of the various Government armies and divisions, instructing that, besides according good treatment to surrendered "Reds," special protection be extended to the people coming from the bandit-infested areas so as to secure their co-operation in the bandit-suppression campaign.

Kiangsi province is enjoying an unusually bountiful harvest this year, according to the Food Control Bureau of the Bandit-suppression Headquarters, which recently despatched a party to investigate crop conditions.

General Chiang Kai-shek departed from Nanchang into the interior of Kiangsi on a short trip of inspection end of last week.

A military conference was held at Nanchang, Sept. 28 at which General Chiang Kai-shek presided.

A recent message from Tehsing (Kiangsi) stated that before evacuating said city in the face of a strong Government attack, red soldiers poisoned the city wells, thereby causing great distress to the inhabitants.

A horde of 500 bandits, calling themselves "China's First Army," last week attacked and captured Wukiangchen, an Anhwei town 25 miles from Nanking. The entire town was ransacked and more than 80 residents kidnapped and held for ransom. The bandits are said to be equipped with modern weapons.

The magistrates of all districts on the Chekiang-Kiangsi border are bombarding the Provincial Government with telegrams asking for more soldiers to defend their respective districts from the Communists.

Exterminate the Communists!

The Shanghai *Morning Post* comments:—"The people have been blaming the imperialists, famines and floods, for the present impoverished state in China, but they must not forget that the Communists have done much to make the whole nation suffer. In certain regions, the Communists do more harm to the people than the Yellow River floods and external aggressions. It is true that efforts should be made to prevent flood dangers and to defend the country against external aggression, but it is more true that if we want to put the country in order the most important thing is to exterminate the Communist menace. Unless this is carried out effectively, it is no use talking about the recovery of farms or technical cooperation with the League of Nations."

A semi-official despatch from Foochow Sept. 27, stated that, during a recent raid on the province by Reds, no less than 17,000 people, including a large number of young students, were massacred. The message, however, contained the reassuring news that the Red menace in north-western Fukien was now definitely over, and that the situation was expected to be completely liquidated in the near future.

Father von Arx, of the French Lazarist Mission at Pantse, on the Yangtze, is still held by Communists in the Taling mountains, north of the Kiangsi-Chekiang highway. He has been in captivity for two and-a-half years.

Further Drive Against Communists in Szechuen

General Ho Chen-chung, right hand military assistant of General Chiang Kai-shek, proceeded from Hankow last week to Chungking by airplane on his way to Chengtu. In the Szechuen provincial capital, General Ho called a military conference to organize the drive against the communists. The warlords in Szechuen have agreed to provide an army of 100,000 officers and men for the drive. A fund of $4,000,000 is being raised by various means to finance the campaign. With General Liu Wen-hui, the former Chengtu warlord, defeated and now living an inactive life in Western Szechuen, the campaign will be manned by Generals Liu Hsiang, Tien Chun-yao, Teng Shih-hou, Yang Sen and other military leaders there.

It is announced from Chengtu that the Communists in Northern Szechuen have been driven back from Yinshan by General Yang Sen's forces.

How the Militarists Exploit the Populace

A Chinese correspondent from Chungking, writes:—"The people in Szechuen are now living under miserable conditions, suffering from the endless exploitations of the militarists. Aside from the notorious land-tax, which has now been collected up to 1970 in some places, there are many other kinds of illegal taxation impoverishing the people. A novel tax which is not found in other provinces is the ('Merchant Protection Tax.') This is about 100 per cent of the actual value of the goods on which it is imposed. Tax bureaus are found everywhere in Szechuen. The farther the goods are sent the heavier the tax becomes."

"Manchukuo Yuan" Succeeds Harbin Dollar

The Central Bank of Manchukuo has published a notification that all Harbin dollar notes will be withdrawn from circulation not later than July 1, 1934. Exchange for Manchukuo Yuan has been fixed at Harbin $1.25.

The New Foreign Exchange Law, became effective on October 5. It confines foreign exchange transactions in the Kwantung Leased Territory and the South Manchuria Railway zone strictly to business, speculation being banned. Traffic in gold bullion is forbidden without the consent of the government, while all dealings in Foreign exchange are prohibited unless official permission is secured.

The father of Simeon Kaspe, who was kidnapped at Harbin August 25 by some Russian bandits while escorting an actress friend to her home, received a demand for heavy raisom Sept. 29, together with a packet which was delivered to him containing half an ear of his son. The victim was educated at the Shanghai Public School for Boys and later attended a conservatoire in Europe.

A formal contract for the transfer of the North Korean line of the Korean Government Railways to the South Manchuria Railway was signed in Seoul, Sept. 20.

Dr. Masanori Sato, of the Central Experiment Station of the South Manchuria Railway Company, of Dairen, has successfully proved that Manchurian soya beans contain lecithin, described as one of the most valuable aids to digestion. He also further declares that Manchurian soya beans possess adenicacid phosphate, which is considered to be a primary agent in converting sugar into heat energy.

The manufacture of alcoholic from surplus cereals and store same as military fuel as a substitute to the gasoline, as a relief measure to Japanese farmers, has been proposed to the Cabinet Council by Mr. Nagai, Minister of Overseas Affairs.

Finger Printing of Coolies in Manchuria in Full Swing

Finger prints of all migratory coolies in Manchuria is being carried out in Mukden, Harbin and Changchun. The Ministry of Defence of Manchukuo recently decreed that such a measure for the registration of coolies should be carried out so as to aid police authorities to detect criminals and also so as to be able to check up on disturbers.

French Say Investment in Manchuria at Present Is Risky

French investments in Manchuria would be inopportune at present, Alfred Massenet, managing director of the Franco-Asiatic Bank stated when he passed through

Dairen recently after touring Manchuria. He explained that it was his observation that although Manchuria had great wealth and a great future the government there is not flexible enough to allow French financiers to invest freely, especially in mining enterprises. M. D'Ollivier, who represents the National Economic Expansion Company of France, and who is at present visiting in Manchuria holds the same opinion, namely that Manchuria is a rich country but not yet ready to accept foreign investments.

A recent Changchun message stated that the formal negotiations between representatives of the Manchukuo and Soviet Governments on the Amur River boundary question will be started at Heiho sometime in October.

A collision occurred Sept. 29 between Soviet and Manchukuo gunboats about 60 miles above Taheiho on the Amur River, with the result that the Manchukuo vessel was damaged.

Through-traffic between Changchun and Tumenchiang *via* the Tunhua-Tumenchiang line was Commenced Oct. 1

"Premature to Consider Recognition of Manchukuo"—Congressman Tinkham

Congressman George Holden Tinkham, a member of the House of Representatives foreign relations committee, visited Peiping during the week as the guest of the American Minister, Nelson T. Johnson. He stated that it was premature to consider the question of American recognition for the state of Manchukuo although he was impressed by Manchukuo's agricultural, economic and financial progress.

⁂

Japanese Making Surveys of Haichow Harbor

According to a recent message from Hsuchow, the Japanese General Staff is planning to secure a detailed map of the newly constructed harbor at Haichow, in Northern Kiangsu. Accompanied by Chang Chih-tung, an expert surveyor, a Japanese by the name of Takahashi, arrived at Tsingtao from Dairen on September 26 and from Tsingtao he proceeded to Haichow with the obvious intention of drawing a detailed map of the Lienyun Harbor at Haichow. General Chiang Kai-shek has wired to General Chen Tiao-yuan at Tsingkiangpu instructing him to exercise the greatest precautions at Haichow.

The movements of several Japanese, all bound for Shansi and equipped with cameras, is causing no little perturbation in official circles in North China. According to a telegram from the Commissioner of Public Safety at Shihchiachuang, western Hopei, more than ten Japanese passed Shihchiachuang during September on their way to Shansi. Although they carried passports issued by the Japanese Legation, these bore no Chinese visa; nor were they in possession of the usual travelling passes issued by the Chinese authorities.

Little Progress Towards Disarmament

With the departure of Baron von Neurath, the German delegate, for Berlin; of Signor Suvitch, the Italian delegate to Rome; and of Sir John Simon the British delegate, to London, there was a decided lull in the negotiations regarding disarmament at Geneva during the week.

France's three main contentions (namely, control, four-years' probation period, and no disarmament meanwhile) were explained by Paul Boncour to Baron von Neurath (German delegate) at Geneva Sept. 28.

The London Times' *Geneva* correspondent says that to grant Germany's claims would enormously complicate the problem of control and the French from the first have taken the view that this concession should notbe made to Germany until after the expiration of a four-year probation period.

Soviets Anxious Regarding Eastern Europe

Moscow *Izvestia* comments: —"The avalanche let loose in the Far East would set in motion all military forces throughout the world. But even if the question of disarmament were the question of European continental armaments only, it should not be confined merely to France and Germany. Any attempt to decide the problem without Eastern Europe would mean a decision, the spirit of which would be hostile to Eastern Europe."

Liberia Offered Recognition on Certain Conditions

Great Britain and America in a joint note to Liberia Sept. 27 intimated that if she was prepared to accept a plan for the solution of her problems, and to extend amnesty to all her political prisoners, then they were prepared to recognize her and resume diplomatic relations.

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Seizure of C. E. R. Draws Nearer, Soviets Say

The Pogranitchnaya and Manchuli station masters and the accountant, Kubl'e, who were apprehended by the Manchukuo authorities last week, have in the meantime been transferred to prison. The Manchukuo assistants and also the Soviet officials who were appointed by general manager Rudy are managing various departments, but the private offices of the detained employees are kept locked and sealed.

The Soviet Government contends that the arrests of responsible Soviet C.E.R. officials by the Manchukuo police under Japanese instigation constitute the beginning of the execution of the plan of seizing the railway and that the so-called "misdeeds" of the arrested are nothing but an unfounded accusation concocted in order to justify the illegitimate arrests. When the manager of the C.E.R., M.Rudy, signed an order temporarily appointing, in the place of those arrested, other Soviet employees working in the same sections of the C.E.R. administration, the Manchurian assistant-manager, Chang Ming-che categorically demanded that the arrested chiefs of sections should be replaced by their Manchuria assistants. M. Rudy replied that he was acting in accordance with the existing regulations, and that the posts of the chief officials arrested were always filled by Soviet citizens and so long as he remained the manager of the railway, he would act in accordance with the existing status.

Russian messages allege that the measures of the Japan-Manchurian authorities for the seizure of the C.E.R. began to be prepared at the initiative of the chairman of the Manchurian delegation at the Tokyo negotiations, M. Ohashi. Moscow telegrams state that documents in possession of the Soviet Government irrefutably establish the leading role of the Japanese military mission in Harbin in the preparation of the seizure of C.E.R., for which the arrests of the Soviet railway employees formed the initial step. When M. Yurenev, Soviet Ambassador on September 28 visited the Japanese Minister of Foreign Affairs, M. Hirota, he made a long statement in which he stated that it was the opinion of the Soviet Government that the recent actions of the Japanese authorities with regard to the C.E.R. cannot be regarded otherwise than as calculated to produce a break in the negotiations.

Finance Ministry Invites Mill Owners to Handle American Cotton

The Ministry of Finance has invited Chang Kung-chuan, Governor of the Bank of China, Chen Kuan-Pu, a prominent Shanghai banker, Yung Chung-ching, one of the biggest mill-owners in China, and Kuo Shen, general manager of Wing On's and its affiliated cotton mills, to assist in the disposal of American cotton bought under the terms of the fifty-million dollar American loan.

Four thousand five hundred bales out of a total of 11,000 bales on the s.s. *Ethan Allen* which arrived at the China Merchants Eastern Wharf at Pootung (opposite Shanghai) Sept. 29 were for government account under the U.S.$50,000,000 loan. The balance of 6,500 were for the private account of Chinese cotton mills in Shanghai.

Japanese Not to Take China-American Cotton?

Japanese cotton spinners, according the *Yomiuri*, are to be warned by the Foreign Ministry and the Ministry of Commerce and Industry against the purchase from China of American cotton sent there under the terms of the $50,000,000 cotton and wheat loan by the United States. It was stated that the decision to sound the warning is due to the fear that any new financial source for China is likely to cause further civil war in that country.

The Suiyuan Provincial Government, following the example of other provincial administrations, has requested the Central Government to set aside a portion of the American wheat and cotton loan to build railways, improve waterways, and develop forestry in Suiyuan.

Tientsin Chinese Oppose American Cotton Import

The Chinese Chamber of Commerce at Tientsin (according to a Japanese report) has sent a telegram to Nanking requesting postponement of further importations of U. S. cotton and also for the levying of increased import dutes by the Chinese customs on these imports, so as to protect Chinese cotton and cereal merchants. The Tientsin Chamber estimates that the loss to be suffered by the people of China by the drop of market prices resultant from the import of American cotton amounts to $780,000,000.

Who's Who in China

Morgan Chou, banker; born at Huai-yin, Kiangsu, 1900; received his preliminary education under private teacher; joined the Middle School of Soochow University in 1914; graduated from Soochow Univetsity with B.A. degree in 1921; after teaching at Shanghai Baptist College for two years, went to America as a private student in 1923; received his M.A. degree from the School of Economics, Columbia University, 1924; after his return to China, joined the Shanghai Trading Company as vice-manager and concurrently held the following positions: professor at Government Chinan University and Shanghai College of Commerce, lecturer in Southern University, adviser to the Finance Department of Kiangsu Provincial Government and adviser to the Special Commissioner of Foreign Affairs for Kiangsu, 1925-27; appointed Head of Luxury Tax Department, Shanghai Surtax Bureau, 1927-29; secretary of Finance Bureau, Special Municipality of Nanking and member of Planning Committee, Ministry of Labor and Commerce, 1931; secretary to Kiangsu-Chekiang Fishing Administration, 1931; joined the Bank of East China, Shanghai, as chief secretary and head of Business Department, since 1931; elected supervising director of the same Bank, 1933; address: Bank of East China, 190 Ningpo Road, Shanghai.

Morgan Chou (Chou Chung-chien)
周仲千

周仲千，江蘇淮陰人，年三十三歲，幼受私塾教育，民國六年蘇州東吳大學附屬中學畢業，十年東吳大學文科畢業，授文學士學位，應上海滬江大學聘任英文教員二年，十二年自費赴美，入哥倫比亞大學，專攻經濟，十三年授經濟碩士學位，旋即歸國，十四年至十六年夏，任上海大中公司協理，國立暨南大學教授，上海商科大學教授，南方大學講師，江蘇財政廳諮議，江蘇特派交涉公署諮議，十六年夏至十八年任上海附稅征收處奢侈稅主任，十九年任南京特別市財政局秘書，工商部設計委員會委員，二十年任江浙漁業管理局秘書，二十一年任上海華東銀行總秘書兼業務部主任，現被選任該行常監。

Northwest Delegation Arrives in Nanking to Appeal for Relief

A delegation from Shensi, Kansu, Chinghai and Ninghsia passed through Shanghai during the week enroute to Nanking to appeal to the Government on behalf of the people in the North-west for the development of that territory and for relief of the famine and flood sufferers. Interviewed, a spokesman of the delegation declared that one of their objects is to request that a portion of the American loan be set aside for the completion of the construction of the Lung-Hai Railway extension line.

"The Seaboard Route to the North"

Travel on The

Peping-Liaoning Line

Starting at Peping, the ex-capital of China, called the most interesting city in Asia, with its intricate systems of walls, its Imperial palaces and its beautiful temples and tombs the Peping-Liaoning Line goes down to Tientsin, the great port of Chihli, and from there swings in a wide circle on its pathway to the north. From Lanchow to Chinchow the railway follows the line of the Gulf of Chihli, passing through Shanhaikwan, where the Great Wall ends at the sea, and thence on to Mukden, the ancestral home of the Manchus, a city which vies with Peping in its splendor of palaces and temples and ancient shrines.

Through tickets are issued and passenger's baggage registered through between the important stations on the Peping-Liaoning Railway and the South Manchuria, Chosen (Korean) and Imperial Japanese Government Railways. At Peiping connections can be made with the Peping-Hankow Railway and with the Peping-Suiyuan Railway and at Tientsin connections can be made with the Tientsin-Pukow Railway, for Tsinanfu, Nanking and Shanghai.

For information as to rates, schedules, accommodations, etc. apply to any Tourist Bureau, or communicate directly with the Superintendent of Transportation.

IMPORTANT NOTICE

Owing to the Japanese occupation of Manchuria, tickets are only sold to Shanhaikwan where the Peping-Liaoning Railway crosses the Great Wall. The Chinese Government Railways assume no responsibility for transportation or safety of passengers beyond Shanhaikwan.

Peping-Liaoning Railway

Head Office

TIENTSIN

An Advertisement of the Chinese Government Railways

No. 2

Men and Events

A daughter was born to Mr. and Mrs. Miles W. Vaughn in Tokyo Sept. 29. Mr. Vaughn is the general manager for the *United Press* in the Far East.

Phillip Tyau, one time adviser to the Ministry of Foreign Affairs, has been appointed Chinese Consul General in Singapore.

Frank Oliver, Correspondent for *Reuters* service in Peiping, arrived in Shanghai on Wednesday by airplane on a brief business trip.

The Japan Red Cross Society Sept. 28 sent to the China Red Cross Society a sum of money, (amount not stated in telegram from Tokyo giving the information) toward the relief funds for the victims of the Yellow River floods.

Professor H. H. Love has returned to Nanking after studying the cotton situation in various parts of Hupeh at the invitation of the Hupeh Provincial Committee for the Improvement of Cotton Cultivation.

October 15 has been definitely fixed as the date on which a ceremony to mark the completion of the construction of the Japanese barracks for the Naval Landing Party near Hongkew park, will take place.

Congressman George Holden Tinkham, Congressman from Massachusetts, who is touring the Far East, arrived in Shanghai on Wednesday of this week and after a short stay here will proceed to Manila.

The death occurred in London Sept. 28 of Mrs. George Crichton Miln, who was known chiefly for her writings about the Far East, especially about China and the Chinese. "The Flutes of Shanghai" was one of her books.

The annual general meeting of the Zoong Sing Cotton Mills Ltd. will be held in Shanghai Oct. 8. The year's accounts show a working profit of $234,607.38. The directors will recommend a dividend of eight per cent.

At a meeting Sept. 28 of the Preparatory Committee for the National Athletic Meet, scheduled to be held in Nanking on Oct. 10, it was decided that the first day of the Meet will be open to the public without admission fee.

The Counsellor of the Chinese legation in Berlin, Lone Liang, is scheduled to proceed to Prague as Charge d'Affaires at the end of October. This is the first time that China has been represented in Czecho-Slovakia.

J. H. Hartzenbusch, proprietor of Hartzenbusch Motor Company, has returned to Shanghai, accompanied by his family, after having spent five months on a vacation tour of America and Continental Europe.

Sir Miles Lampson, British Minister to China and recently appointed High Commissioner for Egypt, who has been in Shanghai during the past week, will proceed to Nanking shortly to make his farewell visit to National Government officials.

To foster closer contact with the North-western provinces, the Ministry of Communications is contemplating the establishment of an international radio station at Loyang, in north-western Honan, which is expected to be completed next Spring,

Recent telegrams from Japan indicate that there is a revival of Japanese trade in China. The N.Y.K. steamer *Ikoma Maru* arrived in Shanghai during the week, with 800 tons of cargo, which comprised 400 tons sugar, together with matches and sundry cargoes.

Jose Eulalio Remedios, the brother of the self-confessed slayer of Choy Ling, (the trunk murder case) was set free by the Macao authorities Sept. 30. The case against Patricio Remedios will not commence until next month as the authorities have not yet framed charges against him.

A claim for damages was brought in the First Special District Court last week by "Abbot Chao Kung," formerly Trebitsch Lincoln, against the *China Evening News*, a local Chinese language newspaper which allegedly recently published an article referring to a certain Trebitsch Lincoln as a noted "firearms salesman."

The members of the Kiangsu Provincial Government have resigned en bloc. The Government has definitely decided to appoint Chen Kuo-fu, a member of the Standing Committee of the Central Kuomintang, as Chairman of the new Kiangsu government and to transfer General Ku Chu-tung, the present Chairman, to another post.

Admiral Frank Upham, Commander-in-Chief of the United States Fleet, arrived in Shanghai on September 25 on board the U.S.S. *Isabel* and made courtesy calls on Admiral Chen Shao-kwan, Minister of the Navy, and Wang Ching-wei, president of the Executive Yuan and officiating Minister of Foreign Affairs. Admiral Chen Shao-kwan entertained Admiral Upham at a luncheon. The Admiral was the guest of Wang Ching-wei at a dinner.

O. G. Steen, general manager of the Robert Dollar Company in the Far East, departed with Mrs. Steen for San Francisco by the *President Lincoln* Sept. 30.

Habibullah Khan, the first Afghanistan Minister to Japan, passed through Shanghai during the week en route to Tokyo to assume his duties.

Wang Tao, Counsellor of the Tientsin Municipal Government, assumed office as Mayor in succession to General Yu Hsueh-chung October 1.

The Hwa Tung Commercial and Savings Bank, Rue Montauban, and its affiliated native bank, Chien Yuen, Nantao, have declared liquidation with a total liability of more than $1,000,000.

A son was born at the Country Hospital, Shanghai, September 24, to Mr. and Mrs. Truman Johnson. Mr. Johnson is chairman of directors of the Realty Investment Co.

A youthful bandit, wearing a grey foreign felt hat, entered the house of Wu Yung-chiu, a retired military officer, outside Chienmen, Peiping on the night of Sept. 26 and relieved him of a large quantity of clothes and silver ware.

In accordance with a recent resolution of the Central Political Council, the National Government, in identic orders to the various organs under its jurisdiction, instructs that the salaries of civil servants be paid hereafter in full and no further reduction is to be made.

Announcement was made September 29 that a judgment granting divorce by the French Consular Court by default had been given at the request of Rene Laurens, (acting editor of *Le Journal de Shanghai*), from Margeurite Capleton Laurens on June 22, 1933. The former Mrs. Laurens is an American by birth.

Through the mediation of Tu Yueh-shen and Chang Hsiao-lin, two leading figures in the French Concession, an agreement has been reached between the authorities of the Shanghai Stock Exchange and the Gold Bar Exchange whereby both have agreed to abolish the existing exchanges and to organize a new one which will handle transactions in both stocks and gold bars.

Full military honors were accorded Sergt. Thomas Wilson of the American marines, (who took his own life) at the funeral in Peiping, Sept. 26. The body, wrapped in the American flag, was borne by the late sergeant's comrades to a temporary resting place in the compound of the Legation Guard pending transportation to the United States.

Although construction work on the train ferry system at Hsiakwan has been completed, formal inauguration of the new Shanghai-Peiping through train service, which was fixed for National Independence Day (October 10), will be postponed to October 12 or 13, as the original date conflicts with the formal opening of the National Athletic Meet which is scheduled for October 10.

General Sun Tien-ying, newly appointed Land Reclamation Commissioner in Chinghai, will not go to his post owing to the opposition against him in that province. General Sun has decided to settle down at Wuyuan, in Suiyuan, and to reclaim lands there instead of Chinghai, according to a report in the *Sin Wen Pao* on Oct. 1.

Plans have been drawn up by the Chekiang Provincial Government for the construction of a railway bridge over the Chientang River to link up the Hangchow-Kiangshan Railway with the Hangchow-Shanghai line. The bridge will cost $5,000,000.

The dead and decomposed body of A. J. Pratt, a British subject, was found in an empty house at 830 Bubbling Well Road, Sept. 26. Evidence given at the inquest showed that the deceased had been drinking heavily before his disappearance. No foul play is suspected.

Rev. F. S. Drake of the Cheeloo School of Theology, gave an address recently before the Tsinan Rotary Culb on Shantung as a Field for Historical Research, in the course of which he said Shantung had produced men of character and determination who have made valuable contributions to the development of Chinese institutions and culture.

Yui Ming, director of the Shanghai Office of the Ministry of Foreign Affairs gave a Chinese dinner party at the Hsinhwlou Restaurant Sept. 30 in honor of M. Bogomoloff, Russian Ambassador to China, and I. I. Spilvanek, Soviet consul-general in Shanghai. Among the Chinese guests present were Sun Fo, president of the Legislative Yuan, Mayor Wu Te-chen, Dr. C. T. Wang, former minister of foreign affairs, Wang Hsiao-lai, chairman of the Chinese Chamber of Commerce, O. S. Liu, general manager of the China Merchants' Steam Navigation Company, and S. U. Zau, former vice-minister of industry.

C. M. Wentworth, exchange broker, has returned to Shanghai from a trip to the United States.

Reginald Sweetland, correspondent for the *Chicago Daily News*, is now in Peiping.

Mr. and Mrs. Randall Gould of the Shanghai *Evening Post* are spending a brief vacation at Hangchow.

Dr. and Mrs. R. F. Fitch have returned to Hangchow from a trip to the United States and Europe.

After a lapse of seven months, the Japanese Consulate at Kalgan is announced to be reopened October 6.

According to information from the Ministry of Railways, the Lung-Hai Railway will be extended to Sianfu by the middle of next year.

Railway traffic between Kinhwa and Lungyu, a distance of 80 kilometres on the Kinhwa-Yushan section of the Hangchow-Kiangshan Railway, was opened Oct. 1.

The Ministry of Communications announces that an examination for marine officers will be held at the Capital on Oct. 24.

A ferry steamer capable of taking ten automobiles and 100 passengers at one time across the Whangpoo at Minghong commenced functioning on October 4.

A total of 2,202 athletes, of whom 703 are girls, have been registered for the National Athletic Meet at Nanking Oct. 10.

The Ministry of Industry is drawing up plans for the establishment of a fishery company to handle fishing along China's sea coast on a large scale, in order to compete with the Japanese fishing trade.

Dr. Wu Lien-teh, Director of the National Quarantine Service, formally opened the New Emigrants' Home and Infectious Diseases Hospital at Amoy, on behalf of the Central Government, during the week.

Mr. and Mrs. Charles G. Norris are at present in Shanghai. Mrs. Norris is better known as Kathleen Norris, with more than 30 novels to her credit. Mr. Norris was formerly assistant editor of *Country Life*.

Merle La Voy, Pathe cameraman, is recovering from a serious attack of malaria. He became ill while in Nanchang and was forced to return to Shanghai for medical treatment.

Work has now been started for the construction of four ocean-going steamers in England and two river steamers in Shanghai at the Kiangnan Dockyard, for the China Merchants S. N. Co.

The second battalion of the Worcestershire Regiment embarked for Shanghai, from Malta Sept. 30 to relieve the 2nd Battalion of the Argyll and Sutherland Highlanders.

Out of a population 400,000, in the Pingkiang district of Hunan, 95 per cent have been stricken with malaria during recent months; 50,000 are reported to have succumbed to the disease.

According to a report from industrial circles, the porcelain export trade of Chingtechen (Kiangsi), center of the porcelain industry, to Siam and the South Sea Islands has suffered as a result of the capture of the market there by the Japanese.

The Pinhsiang coal mine has temporarily suspended work. General Ho Chien, the Hunan Chairman, has appropriated money for the maintenance of the three thousand odd miners who are thus thrown out of employment.

The Rev. Ralph Ward of the Methodist Episcopal Church, who returned to China recently after several years' absence, is now residing in Nanking, having been appointed City Missionary in the national capital. Rev. Ward's address is at 37 Hwang Li Hsiang, Nanking.

A spokesman of the Central Overseas Affairs Committee in Nanking stated recently that over 300 unemployed Chinese at Saigon have been imprisoned during the past month on account of their inability to pay the poll tax.

Yu Chin-ho, the newly-appointed Director of Public Safety in Peiping, who was prevented from taking up his duties by local organizations about two week ago, has submitted another letter of resignation to Mayor Yuan Ling.

The marriage took place at Tokyo Sept. 29 of S. Walter Washington, secretary of the United States Embassy and Simono, daughter of B. W. Fleisher, who is editor and publisher of the *Japan Advertiser*.

Dr. Walter Fuchs, whose compulsory retirement as German Consul General here was announced last week, is a victim of the Hitler anti-Semitic policy. Officially Dr. Fuchs remains in office until January 1. He has declined to make any statement.

C. J. Chancellor, General Manager of *Reuters* Service in the Far East, has returned to Shanghai from an extensive trip to London and Europe. Mr. Chancellor returned to China by the Trans-Siberian Railway.

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CUSTOMS NOTIFICATION NO. 1320

With reference to Notification No. 1,318, the public is hereby notified, in accordance with Government instructions, (1) that on and after 1st December, 1933, if a towed vessel has not yet obtained the Chiao-t'ung Pu's Permit to be Towed, the Inspection Certificate issued by the local Navigation Bureau will be accepted for clearance by the Customs in lieu of the Permit to be Towed just as a Registration Certificate is accepted for a Chinese steamer which has not yet obtained the Chiao-t'ung Pu's Certificate of Nationality, and (2) that an Inspection Certificate is valid for the above-mentioned purpose for a period of three months from date of issue.

H. O. Tong,
Superintendent of Customs.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 28th September, 1933.

The Burden Every Woman Bears.

Every few weeks it comes round with monotonous regularity. And for women who are not vigorous and strong it is a period of great trial. Even after the aches and pains have subsided many women feel weak and listless, suffer from headaches and dizziness, have no strength or appetite as a result of the nervous strain they have had to endure.

For women who suffer like this there is a proved remedy available in Dr. Williams' Pink Pills. All the world over these pills are regarded as a special friend to women. Because Dr. Williams' Pink Pills create plentiful supplies of new rich red blood they are just the thing to enable women to withstand the demands Nature makes upon their bloodstream.

Dr. Williams' Pink Pills have been most rigorously tested by the medical profession and their blood-creating, nerve-strengthening properties endorsed. For anaemia (blood impoverishment) and the ailments resulting therefrom Dr. Williams' Pink Pills are the accepted specific. Weak and ailing women should start on a course of Dr. Williams' Pink Pills without delay. All chemists can supply you.

New Books of Interest in the Far East

Biography of the Father of the Chinese Republic

Sun Yat-sen—His Political and Social Ideals, by Leonard Shihlien Hsu, Ph. D. University of Southern California Press, Los Angeles, U.S.A. 1933.

Dr. Sun Yat-sen, the father of the Chinese Republic was a man of great vision. His personality was the driving force of his disciples. His social and political ideals which were revealed in his writings will be everlastingly the guidance of the Kuomintang. To understand Dr. Sun, his works, and his writings will enable one to see the force of the revolutionary China. The present volume under review is a source book in which Dr. Leonard Shihlien Hsu compiled, translated, and annotated practically all the important writings of Sun. Through this volume and another book in English written by Dr. Sun, entiled *International Development of China*, the English speaking people all over the world should be able to get a general idea of Dr. Sun's political and social doctrines.

The volume has seven parts. Part 1 is an introduction, in which the background of Dr. Sun's political philosophy is described. This includes the life history of Dr. Sun and his environment. In this section, a list of the basic literature of Dr. Sun is given with brief explanations of each of them. The importance of this section cannot be overstated. It tells factors which directly influenced Dr. Sun's thinking. These factors according to Dr. Hsu are: (1) the control of China by an alien race and the corruption of the Machu regime; (2) the intervention in or invasion of China by imperialistic powers; (3) the rise of the school of higher criticism in Chinese philosophy; (4) his peasant parentage and his early association with ex-Taiping soldiers; (5) militarism in China; (6) the reform movement of 1897-1898; (7) the growth of nationalism and imperialism in the West in Japan; (8) the establishment of republican government in the United States, in France, and in other countries; (9) the social democratic movements in the West; (10) his knowledge of Rousseau, Lincoln, and Marx, and his friendship with Lenin; (11) the student movement and other social movements in China since 1919; and (12) his foreign education and his long residence in foreign countries. With an understanding of the above factors which have strongly influenced Dr. Sun, it is easy for one to understand his thinking and doctrines.

Part 2 gives the famous Will of Dr. Sun Yat-sen, which is at present read by all his disciples every Monday at the Memorial Services. In his Will, Dr. Sun put briefly and emphatically the purpose and the work of the Kuomintang in the building of a new China. The autobiography of Dr. Sun is included in this section also.

Part 3 is a translation of the famous Five-Power Constitution. With the democratic form of Government in the West, which is a form of Three-Power Constitution, Dr. Sun added to it the traditional Chinese Government practices, namely, the Examination and Control Yuan. This is a new system which is being practiced and experimented in China today—the result of which remains to be seen in the future. Part 4 is the translation of a number of important manifestoes; such as The Manifesto of the First National Convention, the Manifesto on the Northern Expedition, the Manifesto on Going to Peking, and the Manifesto on the Reorganization Conference. In these manifestoes, especially in the first one, the principles and platform of the Kuomintang were definitely stated.

Parts 5, 6, and 7 are a complete translation of San Min Chu I, or rather Three People's Principles. The first doctrine, the Doctrine of Nationalism includes six chapters, namely, Race and Population, the Political and Economic Forces, the Nationalistic Spirit and the Chinese, Nationalism and Cosmopolitanism, Methodology of Nationalism, and National Morale and World Tranquility. The second doctrine—Doctrine of Democracy has also six chapters. They are: Democracy, its meaning and history, Democracy and Liberty, Democracy and Equality, Democracy At Work, Differentiation of *Chuan* and *Neng*, the Solution of Democracy. Thee third doctrine—the Doctrine of Livelihood gives Dr. Sun's social thought. This principle of livelihood deals with the Social Question. In the first chapter a definition and solution of the Social Question were discussed. In the second chapter, Dr. Sun explained his views on the problem of Land and Capital. The problem of food and the problem of clothing were discussed in the third and fourth chapters. It is Dr. Sun's Doctrine of Livelihood that received great support from the masses in the struggle for the unification of China.

As early as 1927 the Nationalist Government at Hankow organized a Commission for the official translation of Dr. Sun's Works. However even till the present, no work has been done along this line. As Mr. Ting Ch'ao-wu declared in the Foreword of the volume. "Unfortunately, since the advent of the Chinese Revolution, the rest of the world has often withheld whole-hearted support of many of our important actions and policies. This is undoubtedly due to the lack of intelligent international publicity. The first essential of international understanding is to make it possible for the public abroad to comprehend the ideas and plans of Dr. Sun which have deeply permeated the revolutionary thinking of China." This volume under review prepared by Dr. Hsu will help a long way to this line.

Recently, a group of Kuomintang and Government leaders, realizing the need of works of this kind, organized the Sun Yat-sen Institute with the purpose of collecting, compiling, translating and interpreting Dr. Sun's works and thinking. It is hoped that this Institute will make it possible to share with the English, French, German, as well as Russian reading public the ideas and ideals of our late leader, Dr. Sun. From these writings of Dr. Sun, it will not only give the people of all lands a clear understanding of social and political developments of modern China and her socio-philosophic background but also much food for thought to the students of political sciences in world reconstuction.

F.

An Intimate Account of Conditions in Russia

Russia's Decisive Year, by Ellery Walter. G. B. Putnam's Sons, New York and London.

This is the lucid account of the travels of a young man throughout the length and breadth of the U.S.S.R. He went to Russia a "communist sympathizer and a free lance writer interested in doing a story about the success of the Russian experiment and the life of the young Russians." Disillusinoed he closes his account with the verdict that his "personal survey of this third and 'decisive year' (of the famous Five Year Plan) began with a red glow and ended in a glare of white light."

Possessing credentials from the New York *Herald Tribune* as a special correspondent, and a letter from Senator Borah, Mr. Walter obtained immediate employment upon arrival in Moscow as a lecturer in a Technicum for advanced Russian engineers; also at the Moscow Institute of Modern Languages where he remained for two months until he violated the rules by enlightening his pupils upon the lack of censorship existing in the U.S.A. He then obtained from a Vice-President of the Supreme Economic Council an "order" or note of introduction to the Red Directors and the State Political Union Police (O.G.P.U.) to facilitate his travels around the construction camps and far-flung "combines" in the Soviet Union. The apparent ease with which he travelled from one to the next over fifteen thousand miles of Russian territory, the first foreign writer to be permitted to visit Siberia without an official interpreter, cannot but impress the reader with the potency of the name of Borah in Russia.

Starting east from Moscow on the Trans-Siberian Express Walter takes his reader to Novo-Sibirsk which the Russians call the "Chicago of Siberia"; then down the new Turk-Sib railway to a wheat factory at Kalmanovich. From there the trail again leads east to Kuznetz, a gigantic Soviet steel project, where among other experiences he "crashed the gate" into one of the great prison camps. Here hundreds of peasants who committed such minor offences as failing to join a "cooperative", hoarding food, etc., were transported thousands of miles from their homes and were closely guarded in camps resembling wartime prison camps while being daily herded out to work on the project in the vicinity. The author saw seventeen prison trains headed for such destinations while on his trip eastward. From Kuznetz he takes the reader back to Magnitogorsk in the Ural Mountains to another and even larger steel plant and from there northward to tractors at Cheliabinsk and then to the Soviet war capital of the future at Sverdlovsk, now called the "Capital of Industry". From Sverdlovsk he goes to Nijni-Novgorod, the "Detroit of Russia" where a huge Ford factory is under construction. The program

calls for an eventual output of 150,000 cars a year, half of them Fords, and the author makes the sage observation that "the complete capitulation of the Communist theory to capitalistic practice is nowhere so evident as at Nijni-Novgorod".

Following this comes a contrasting and amusing interlude back in Moscow, where, after weeks of the ever-present diet of cabbage soup, black bread and water, with never a green vegetable (during this account the reader also begins to get a cramp in the throat), the author drops in on the official reception for the G. B. Shaw-Lady Astor party. Although Walter himself had been unable to obtain green vebetables in Moscow during his original sojourn he found vegetarian Shaw being feted with four succulent varieties upon his first night there. This, of course, entirely disillusioned G. B. upon the previous tales he had heard about "filthy, dirty, underfed and illiterate Russia". That, plus the account of the playwright's snooze at his first horse race (a gala function staged in honor of his birthday) and his speech in which he lauded the success attained by the Soviet government in taking care of its people and criticized the backwardness of England in permitting the Soviet to forge ahead, gives the reader a refreshing and first-hand account of that now widely publicised tour of inspection which lasted just ten days. The author closes Shaw out with the statement: "He has always been one of the world's wealthiest radicals and has enjoyed stirring up people by going contrary to their traditional beliefs. Further than that he saw in Russia just exactly what he went to see."

From Moscow the author starts out of Russia to the south visiting the great hydro-electric power project at Dnieprostroy where 720,000 horsepower will be generated, but with no consumptive source available for it in sight for many years to come. Thence on into the Ukraine where at Karkov another great tractor plant is building. Here, as in previous cases, the verdict is the same: gigantic plans with everything conceived as the "world's largest", but with these plans inexperience, gross inefficiency, lack of coordination, lack of supplies or inferior material and progress far below schedule constantly to the fore.

The trail out continues through Rostov, the crossroads of the Volga region, the Ukraine and the Caucasus; Gigant, the world's largest farm; and Verblud, the Soviet's largest experimental farm; all of which the author dubs show places, and finally down into Georgia to Tiflis near the tremendous manganese deposits and on to the Baku oil fields, eventually to depart via the sea after a cruise of the Black Sea ports in Soviet shops which have been badly copied from German models.

The author's verdict in unqualified terms is that the Five Year Plan has failed. He enumerates firstly his own disillusionments in what he saw, (1) the realization that one cannot send the truth out of the Soviet Union or tell the truth about the outside world within the U.S.S.R., (2) the discovery that the peasants have been tricked and are unhappy, and (3) that Russia's leaders, professing to be altruists, are only individualists seeking comfort and power. Secondly he enumerates seven specific reasons for the failure of the Plan: (1) fear or lack of courage to insist upon the conditions requisite for success, (2) lack of skilled labor, (3) lack of standard equipment, (4) lack of cooperation with foreign technicians, (5) lack of funds, (6) lack of executives and (7) subtle sabotage.

In closing he quotes Walter Lippmann's reply to Bernard Shaw's remarks on Soviet successes:

"To say that Russia has succeeded where America has failed is like saying that a boy who does long division well is a better mathematician than an advanced student who has difficulty with the calculus."

J. M. M.

READERS of *The China Weekly Review* who may be interested in obtaining copies of any books which have been reviewed in these columns, may obtain them by sending their orders in care of *The Review*....If obtainable in Shanghai the books will be mailed immediately at retail prices prevailing in Shanghai, plus postage, or if not obtainable here, they will be ordered from the publishers abroad. Send orders or inquiries to Book Editor, *The China Weekly Review*, 38 Avenue Edward VII, Shanghai.

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THE PAN-PACIFIC CULTURAL ASSOCIATION

Has reprinted for general distribution in pamphlet form the treatice by the late B. H. Chamberlain, Emeritus Professor of Japanese and Philology at the Imperial University of Tokyo, entitled,

"THE CREATION OF A NEW RELIGION"

The pamphlet contains in its 10 pages a complete exposition and analysis of Shintoism and Empire-worship, regarding which the world is now beginning to hear so much along with the so-called doctrines of Pan-Asianism and Asiatic Monroe Doctrine.

Price, including postage, 30-cents a copy. Orders sent to *The China Weekly Review* will be forwarded to the publishers for execution immediately.

Aviation Statistics for the United States

IN the United States, including the Territories of Alaska and Hawaii, on Oct. 1, 1932, according to the report of the Aeronautics Branch of the Department of Commerce, there were 10,626 aircraft of which 7,432 were licensed and 3,195 unlicensed, and 1,354 gliders; there were 18,651 pilots, of which 6,971 were transport pilots, 1,317 were limited commercial, 38 industrial, and 10,325 private; there were 251 glider pilots. California led the states with 1,190 aircraft, New York being second with 1,160; also with number of pilots, having 3,589, and New York again second with 1,860.

The number of "active" licenses on Oct. 1, 1932, were: 18,723 pilot licenses, 9,017 student permits, 239 glider pilot licenses, 281 students glider pilot permits, 8,484 machinic licenses, 76 glider licenses, and 1,275 unlicensed gliders, 20 approved aviation schools, 121 approved repair stations, 231 approved flying instructors and 91 licensed ground instructors.

The total number of airports and landing fields in the United States as of August 1, 1932, was 2,033 of which 543 were municipal, 611 commercial, 349 Department of Commerce intermediate, 51 Army airdromes, and 14 Naval air stations.

The program of airway construction authorized by Congress for the fiscal year 1932 enabled the aeronautics branch to increase the number of lighted transcontinental routes to three. These are the Transcontinental, from San Francisco via Chicago to New York; the Midcontinental from Los Angeles via Kansas City to New York, and the Southern Transcontinental, from San Diego via Atlanta to New York.

In addition, there are lighted routes paralleling the Atlantic and Pacific Coasts, and traversing the trade routes of the Great Central Valley.

In the year July 1, 1931, to June 30, 1932, in reports of miscellaneous flying operations, 84,783,205 miles were flown (74,673,345 in licensed planes), 1,163,171 passengers carried for hire, and 393,309 for pleasure. The total number of accidents was 2,059, one for every 41,177 miles flown, and of fatalities, 377, one for every 224,909 miles flown; passenger fatalities totaled 152.

The export of airplanes, seaplanes and amphibians from the United States in 1931 numbered 140 valued at $1,872,827; and in 1930, 321 valued at $4,819,669. To China in 1931 went 38, valued at $644,170; to Mexico, 27, $374,745; to Canada, 16, $62,394; and to the United Kingdom, 7, $263,512.

Airplanes, manufactured in the United States in 1931, totaled 2,800 of which 1,807 (built by 345 firms or individuals) were for domestic use, as compared with an output of 3,437 planes in 1930.

Progress of Aviation in 1932—Eastward Plane Flights Across Atlantic

AVIATORS	FLIGHT	DATE	MILES	TIME
Alcock and Brown	St. John's to Galway	June 14-15, 1919	1,960	16h. 12m.
Lindbergh	New York to Paris	May 20-21, 1927	3,600	33h. 30m.
Chamberlin and Levine	New York to Eisleben	June 4- 6, 1927	3,911	42h. 31m.
Byrd, Novile, Acosta, Balchen	New York to Ver-sur-Mer	June 29-July 1, 1927	3,477	46h. 6m.
Brock and Schlee	Harbor Grace to London	Aug. 27-28, 1927	2,400	23h. 9m.
Stultz, Gordon, Miss Earhart	Trepassey to Wales	June 17-18, 1928	2,137	20h. 40m.
Assollant, Lefevre, Lotti (with stowaway)	Old Orchard to Spain	June 13-14, 1929	3,128	29h. 52m.
Williams and Yancey	Old Orchard to Santander	July 8- 9, 1929	3,240	30h. 30m.
Boyd and Connor	Harbor Grace to Scilly Is	Oct. 9-10, 1930	2,000	24h. 5m.
Post and Gatty	Harbor Grace to England	June 23-24, 1931	2,220	16h. 17m.
Hoirils and Hillig	Harbor Grace to Krefeld	June 24-26, 1931	3,500	32h. 6m.
Magyar and Endres	Harbor Grace to Hungary	July 15-16, 1931	3,239	26h. 12m.
Boardman and Polando	New York to Istanbul	July 28-30, 1931	5,011	49h.
Herndon and Pangborn	New York to Wales	July 28-29, 1931	3,200	32h.
Mrs. Amelia Earhart Putnam	Harbor Grace to Ireland	May 20-21, 1932	2,026½	14h. 56m.
Mattern and Griffin	Harbor Grace to Berlin	July 5- 6, 1932	3,000	18h. 40m.

Canton Sea and Air Forces to Celebrate October 10

In celebrating China's national day this year on October 10, the land, sea and air forces of the Canton Government will turn out at full strength for a gala demonstration, according to an announcement made in Canton Sept. 27. Infantry, artillery and cavalry units will hold a big parade on the campus of the Yentang Military Acadamy, while the air force will stage daredevil flights. Altogether 80 planes are expected to take part in formation flying. The machines will take off from the Tmho airdrome and entertain the spectators on the ground with the latest flying tricks and stunts. The Whampoa squadron, under the command of Rear-Admiral Kiang Si-yuan, and the river flotilla will steam out of Lingting for maneuvers. There will be an attacking fleet and a defending force to carry out a mimic sea battle, and later the warships will take part in target practice.

Chen Chi-Tang Asks Nanking to Pay an Old Debt

General Chen Chi-tang has asked the National Government to refund all the money which Kwangtung advanced at the time of the anti-Northern Expedition in 1926 and 1927. The amount which General Chen claims the Government owes Kwangtung is placed at $190,000,000. He suggests that this sum be paid by the Nanking Government from the American Loan.

It is reported that General Chen Chi-tang, who is the most powerful figure in the South, is coming to Nanking shortly to discuss the Southern situation with the Government.

General Chen Chi-tang has agreed to accept the proposal of the politicians and Party leaders to enlarge the South-west Political Council.

T. V. Soong met a representative of General Chen Chi-tang in Western Shanghai Sept. 26 when terms for closer co-operation between Nanking and Canton were discussed. It is said that General Chen Chi-tang may find it necessary to come to Shanghai in the near future for a personal meeting with the Government leaders here.

An unconfirmed Chinese report stated that the gunboats *Haichi* and *Haishen*, of the Canton squadron, sailed Sept. 27 to visit the group of nine islands in the South China Sea occupied by France in April this year.

A new bridge over the Canton River will be constructed from Nwoo Sha to Shek Wei Tong, terminus of the Canton-Shamshui Railway. The foundation stone was laid October 4. The bridge will be 1,800 feet long and will be constructed at a cost of about $5,010,000 local currency. The contract for building this over-water structure has been assigned to McDonnell Company of Tientsin, the same American firm that built the Pearl River bridge.

As a result of the imposition of an increased import duty on foreign rice and the subsquent suspension of rice imports the Canton authorities are now looking to Hunan for supplies. The chairman of the Chamber of Commerce of Canton has proceeded to Changsha and is negotiating with rice merchants there for regular shipments of rice to Kwangtung.

Following the example of Canton, Swatow is also imposing a tax on foreign rice, the levy amounting to 60 cents a picul.

In accordance with the arrangements made with the Hunan Provincial Government, by Tsou Tien-pang, Acting Chairman of the Chamber of Commerce of Canton, it is learnt that preparations have been completed for the shipment of one million piculs of Hunan rice to Kwangtung shortly.

Canton has commenced the imposition of a new business tax on kerosene of $3 per case. The tax is being imposed on imported kerosene as well as on the products of native refineries.

Kwangtung province, will continue to supply Hunan province with salt under an old arrangement, according to a decision of the Southwest Political Council. It is worthy of note that a large portion of Canton's

stupendous military expenditure is met by funds appropriated from the salt revenue.

The Canton military authorities have decided to prolong the period for the enforcement of martial law.

President Roosevelt Asks Legionnaires to Support Economic Program

President Roosevelt attended the American Legion convention at Chicago Oct. 2. In a speech he asked support for his economic program; he made no reference to currency problems.

It was announced in Washington Sept. 20 that business conditions were improving. It is believed that President Roosevelt will use, if necessary, all of the $330,000,000 available for the purchase of food and fuel for the unemployed. Credit expansion and heavy government purchases of material are foreshadowed so as to improve business conditions. President Roosevelt has ordered H.L.Hopkins, relief administrator, to see that destitute persons are provided with food, clothing and fuel during the winter.

The Ford Company has abandoned its recently announced labor scheme, and will in the future operate on a five day 40-hour week, with a complete stoppage of work several days a month to bring the average down to the 35-hour week prescribed under the N. R.A. automobile code.

A feeling of discouragement over the recovery drive in the United Statis is manifesting itself as strikes spread and prices continue to outstrip earnings. The American Federation of Labor is hardening its attitude and preparing plans for a 40-hour week. Six hundred and fifty thousand persons were re-employed during August, but the indication is that, even if the present rate of re-employment is maintained, eleven million people will need relief during the coming winter.

The New York *Times* asserts that the flight of American capital to England, Switzerland and Holland approaches $1,000,000,000, while new investments are at a standstill.

The Century of Progress Exposition at Chicago celebrated a "China Day" on Monday, Oct. 1.

Indian Government Makes Concession to Japanese

A recent London message stated that the Government of India was willing that the convention should be prolonged and the existing duties maintained at their present level for one month after October 10, 1933. (the date of expiry).

Recent reports from Simla stated that the Indian delegation agreed to the Japanese demand to postpone the enforcement of the proposed raise of customs tariffs on Japanese commodities pending the completion of the Simla conference.

The third meeting in the Japan-India negotiations in Simla was opened Sept. 30. The Japanese Delegation proposed to cut down the 75 per cent tariff on imported cotton goods to 50 per cent.

Pessimism is generally entertained in Japanese official circles regarding the smooth progress of the Indo-Japanese trade negotiations now in session at Simla in view of the fact that further negotiations between Indian and Japanese delegates will largely depend on the presence of Sir Joseph Bhore, chief official Indian delegate, who is reportedly confined to bed by illness.

Factory Inspection and Outside Road Issues at Deadlock

At a meeting of the Shanghai Foreign Municipal Council Oct 3, Stirling Fessenden, secretary general, reported that he had that afternoon again discussed with O. K. Yui, secretary-general of the Municipality of Greater Shanghai, the question of inspection of factories in the Foreign Settlement. Mr. Yui informed Mr. Fessenden that, in view of the Council maintaining its stand that it must have control of inspection of factories in the Settlement, the Chinese authorities would not continue the negotiations in regard to the establishment of a factory inspectorate in the Settlement. Mr. Yui a'so informed Mr. Fessenden that in the present circumstances discussion of the outside roads question could not be resumed.

Real Estate Review of the Northern District, by Realty Investment Company

The Northern District is again coming into its own. Building activities are steadily increasing and the number of new buildings started during the past month show a marked increase over the past few months. Rentals are rapidly becoming much better in this area. There are still a number of vacancies but there is every indication that this condition will be rectified in the near future. Street repair work is being done regularly, and in many places street extension and widenings are in process. On September 20 the Eudcational Board recommended the acceptance of final plans for the Public and Thomas Hanbury School for girls, which will accomodate 500 pupils and is to be erected on the former Victoria Nursing Home site at Range and Woosung Roads. The Council approved the plans. Just north of the Post Office pilings are being driven for three large buildings—two apartment houses and a hotel for men only. These three buildings will occupy more than a block of space.

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CUSTOMS NOTIFICATION NO. 1321

The Custom House will be closed, and the shipment and delivery of cargo suspended, on Tuesday, the 10th October, the day fixed by the Government as a National Festival.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 28th Sept., 1933.

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Government Leaders Hold Conference in Shanghai

Rumors that there was to be a wholesale resignation of Nanking officials, current latter part of last week, were dispelled by the holding of a conference of Government leaders—including Presidents Wang Ching-wei, Sun Fo, Minister T. V. Soong, Dr. H. H. Kung, and Li Shih-tseng—at the residence of Mr. Soong in Shanghai Sept 29. Interviewed after the conference, Mr. Wang said that the conference had discussed questions concerning the financial situation of the Central Government as well as the National Economic Council, The decision of the Government to employ the proceeds of the America Wheat and Cotton Loan for the economic reconstruction of the country, he said, will not be altered. However, he said, the financial resources of the Government are not at present sufficient to meet the administrative and military expenditures.

Resources Not Sufficient to Meet Expenditures

Questioned concerning the alleged intention of T. V. Soong to resign, Mr. Wang said that these rumors are without foundation. Though the financial condition of the Central Government is rather stringent, yet the financial question is not the only difficulty confronting the Government. However, Mr. Wang said, the Government is prepared to continue to shoulder the responsibility.

Sun Fo, in an interview stated that an emergency measure to meet the deficit of the National Government had been agreed on at the Conference, but he admitted that it was only of a temporary nature.

The Nanking Executive Yuan on Oct. 3 approved a bond issue $100,000,000 secured on Customs Treasury Notes to be repaid in 150 months.

Chin Fen, Director of the Preparatory Office of the National Economic Council, in an interview at Nanking Sept. 30, said that detailed plans for the work of the inauguration of the Standing Committee, which is composed of Presidents Wang Ching-wei, Sun Fo and Minister T. V. Soong, were under way, and that the formal inaugaration would take place October 5.

Chinese press reports from Nanking during the week continued to suggest possible changes in the Ministry of Finance.

Fifth Kuomintang Congress Postponed for One Year

The Central Executive Commitee has decided to postpone the 5th National Kuomintang Congress for one year, from November, 1933, to November, 1934. The decision has more or less harmonized the views of Canton and Nanking, as the Southern leaders had strongly doubted the advisability of convening the Congress this year.

President Wang Ching-wei explained the reasons for the postponement of the Congress at Nanking Oct 2. He said that while the ultimate aim of the Kuomintang was admittedly the inauguration of a democratic and constitutional regime, what the nation needs is, however, Constitutional Government in fact, not merely in name. Failure to convene the National People's Congress one year earlier than the date originally fixed, might thus ultimately prove an advantage, instead of a disadvantage, he said.

Chinese Journal Urges Support of Kuomintang

Taking a serious view of the decision of the Standing Committee of the Central Executive Committee of the Kuomintang to postpone the convocation of the 5th National Congress of Kuomintang Delegates for a period of one year, the *China Times*, in an editorial Sept. 29 urged the Kuomintang to further strengthen its organization during the ensuing year so as to save the Party as well as the State from the danger of instability or collapse. It deplored the fact that the Party has lately shown signs of instability, which will not only endanger the Party itself but may also bring about the collapse of the State. Rather than dream of creating another party for the reconstruction of the State, the journal urges the people to give support to the Kuomintang, rectify its mistakes, and direct its policies.

The National City Bank of New York, Rates of Exchange

Shanghai, Oct. 3, 1933.

Demand selling rate on America:	U.S. $100=Sh. $325.20
Demand buying rate on America:	U.S.$100=Sh. $321.28
Demand selling rate on London:	£1.0.0=Sh. $ 15.61
Demand buying rate on London:	£1.0.0=Sh. $ 15.86

Latest New York Stock Exchange Quotations

Market—Steady — Business Done 930,000 Shares

October 4, 1933

1932-3 High	1932-3 Low	Div.$ per Sh.	STOCKS	Mon. Oct.. 2	Tue. Oct. 3
13¼	1⅝	—	Adams Express	8	7¾
32	7⅜	.60	Alaska Juneau	25	25⅝
142¾	42½	6.00	Allied Chemical & Dye	134	131½
97½	29⅝	4.00	American Can	87½	88
19⅝	2	—	American & Foreign Power	9½	9¼
44⅞	5	—	American & Foreign Power 7% Pfd.	Unq.	Unq.
12⅛	1¼	—	American & Foreign Power Warr.	6	Unq.
23⅝	1¼	—	American Metal Co.	18¾	19¾
53⅛	5⅛	—	American Smelting	44⅝	45¼
137¾	69¾	9.00	American Telephone & Telegraph	116¼	117¾
94¾	44	5.00	American Tobacco "B"	84½	84¾
43⅛	11	1.00	American Waterworks	20½	20⅝
22⅞	3	—	Anaconda Copper	15⅛	15½
18⅝	4¼	—	Atlas Corporation	Unq.	11⅞
151¾	28¾	2.00	Auburn Automobiles	46	45
37⅞	8¾	—	Baltimore & Ohio	26¼	25¾
49¼	7¼	—	Bethlehem Steel	31⅞	32⅜
43⅛	19	1.60	Borden Company	22½	22⅝
21⅝	8¾	—	Borg Warner	15	15¼
20⅞	7¼	—	Canadian Pacific Railway	13⅜	13¾
103½	16¾	—	Case, J. I.	64½	66⅞
47⅞	19	1.40	Chase National Bank	23	23
52⅛	4⅞	2.00	Chesapeake Corp.	38	37½
51⅜	5	.80	Chrysler Corp.	39⅝	41⅜
28⅛	4¼	.80	Columbia Gas & Electric	14	14½
7⅝	1⅜	—	Commonwealth & Southern	2¼	2¼
68¾	31½	3.40	Consolidated Gas of N. Y.	40¼	40
19½	8⅝	—	Continental Oil	15⅝	16½
90½	24¾	3.00	Corn Products	84¼	85½
7½	1½	—	Coty Inc.	4⅜	4¼
4¾	⅞	—	Curtiss Wright Company	2½	2⅝
18⅝	5	.75	Douglas Aircraft	13	13
85¾	22	2.00	Du Pont de Nemours	78⅜	78¼
89¾	35¼	3.00	Eastman Kodak	76¼	76
48	5	6%S	Electric Bond & Share	17	17¼
16	2¾	—	Electric Power & Light	6¼	6¼
		—	Fox Film	15¾	15¾
10¾	2⅞	—	General Aviation	6¼	Unq.
30¼	8½	.40	General Electric	19	19¼
40½	19⅝	1.80	General Foods	35	35⅜
34⅞	7⅜	1.00	General Motors	27⅝	28⅜
49¼	6¼	1.00	General Railway Signal	Unq.	Unq.
27⅜	8¼	1.20	Gold Dust	20	20⅜
47½	5½	—	Goodyear Tire & Rubber	33¼	34½
40	3⅝	—	International Cement	Unq.	Unq.
46	10⅝	.60	International Harvester	36¼	36¼
22⅜	8½	—	International Nickel	19¾	19⅞
21¾	2⅝	—	International Telephone & Telegraph	12½	12½
60⅜	10	—	Johns Manville	49	50
26	4⅞	—	Kennecott	21	21⅜
79⅝	30½	2.40	Lehman Corporating	Unq.	66
99	34¼	•4.00	Liggett & Myers, "B"	94½	94¼
37¾	8½	1.00	Loew's: Inc.	30	29⅝
25¼	9	1.20	Lorillard P. Co. (Com.)	21¼	21¼
45¾	12	1.00	McIntyre Porcupine	44½	45⅝
28⅞	3½	—	Montgomery Ward	18⅞	18⅞
34½	19¾	1.00	National City Bank (bid price)	25½	25½
124⅞	13	—	National Distillers	84¼	86⅝
58½	8¾	—	New York Central	86⅜	86¼
45½	13⅜	8%S	North American Company	17⅜	17⅜
96⅜	12	2.00	Owens Illinois Glass	74½	76½
37	16⅞	2.00	Pacific Gas & Electric	21⅜	20⅜
6⅞	1¼	—	Packard Motors	3⅞	3⅜
42¼	6½	.50	Pennsylvania Railroad	28¼	28¼
6¼	1	—	Pennroad Corporation	3	3
18¼	2	—	Phillips Petroleum	15⅜	15⅜
18½	2⅛	—	Radio Corporation	7¼	7⅜
7¾	1	—	Radio-Keith Orpheum	2⅜	2⅝
54	26½	3.00	Reynolds Tobacco "B"	49¾	49½
47	9⅞	—	Sears Roebuck	38¾	39
11⅝	2½	—	Shell Union	7¾	8
15½	5¼	—	Socony-Vacuum Corp	11¾	11⅝
32¾	15¾	2.00	Southern California Edison	18¼	18⅝
34¼	5⅛	—	Standard Gas & Electric	10¼	10⅝
43⅝	19⅞	1.00	Standard Oil Co., of N. Jersey	39⅜	39½
63	34¼	—	Sterling Products	54¾	55
			Studebaker	4⅜	4⅜
29¾	9¼	1.00	Texas Corporation	24¾	26⅛
41	12	1.00	Texas Gulf Sulphur	35½	35¾
9½	2⅛	—	Trans America	6	5⅞
51⅞	15½	1.00	Union Carbide & Carbon	40⅞	40⅞
132	27⅝	6.00	Union Pacific	107	107
44⅝	6½	—	United Aircraft & Trans.	30½	30½
14½	3½	—	United Corporation	6¼	6¼
25	9½	1.20	United Gas Improvement	16¼	16
25	1¼	—	U. S. Rubber	16¼	16
67½	21¼	•2.40	U. S. Steel	44⅛	45½
51½	11		Universal Leaf Tobacco	Unq.	43
36¼	5¼	—	Vanadium	20⅛	20½
8¾	½	—	Warner Bros. Pictures	7¼	7
58¾	15⅝	—	Westinghouse E. & M.	34	34¼
50⅞	22	2.40	Woolworth	37¾	37¾
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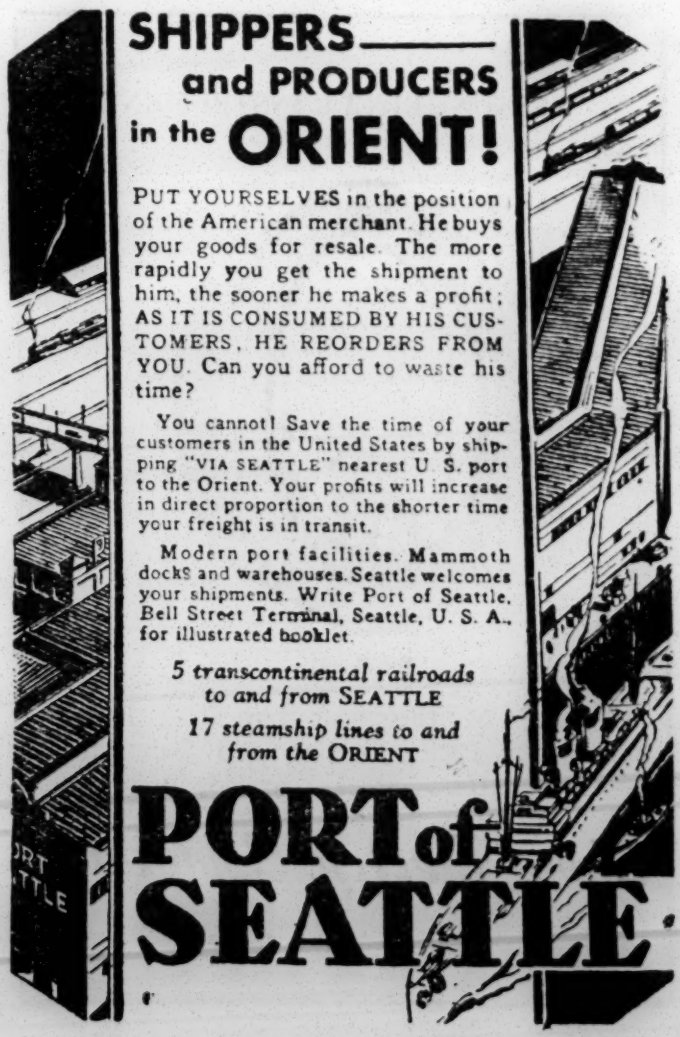

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In the United States Court for China

In re.
Estate
of
MIGUEL MORALES
Deceased

Cause No, 3565

Special Proceedings No. 924

NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of MIGUEL MORALES, deceased, to present the same with vouchers to the undersigned on or before March 16th, 1934, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China, September 11th, 1933.

CHAUNCEY P. HOLCOMB,
Administrator,
12 Kiukiang Road,
Shanghai.

Healthful Sleep.

While baby sleeps he grows. He also recoups the energy expended during his waking hours. The value of plenty of healthy, natural sleep cannot be over-estimated.

When baby is restless and irritable the fault usually lies in stomach or bowels. In fact most infantile troubles have their origin in these organs. Wise parents keep their children well and happy by administering Baby's Own Tablets immediately they observe all is not well with the little ones.

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In the United States Court for China

In re.
the matter of the Estate
of
ANNA SYKES
Deceased

Cause No. 3576

Special Proceedings No. 925

NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of ANNA SYKES, deceased, to present the same with vouchers to the undersigned on or before March 30th, 1934, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China, September 20th, 1933.

JAMES Y. MCGINNIS,
Administrator, care of
James B. Davis, Schull,
Davies & N. E. Lurton,
74 Szechuen Road, Shanghai, China.

until we learned better—

V-8 Ford 4

Henry Ford
Dearborn, Mich

Until we learned better, we used to mix wood and steel in our car bodies and wheels.

It was the best way to make bodies—then. But the state of the art has advanced.

Of course, it is more expensive to make an all-steel body than to make a wooden frame and nail steel panels on to it. The better way involves an initial expenditure of several millions of dollars for new dies, which renders a change very costly. Cars, especially large expensive cars which are produced in small volume, cannot afford this, because the dies cost as much for one car as for a million. That alone explains why all-steel bodies are not used in all cars.

But our basic policy from the beginning is to make a good car better, regardless of cost.

For example, when we discarded wood-steel body construction, it was not because we lacked wood. We still have some thousands of acres of the best hard wood in America. Economy would urge us to use up the wood first, and then adopt the better all-steel body. But we decided that quality was more important than expense.

We weighed the reasons, for and against, before we made the change.

We could see only one reason for retaining a mixed wood-and-steel body—nailing the metal on, instead of welding an all-steel body into a strong one-piece whole. That reason was, it would be cheaper—for us.

Our reasons for adopting an all-steel body were these: A wood-steel body is not much stronger structurally than its wooden frame. In all American climates, wood construction weakens with age. Every used car lot gives evidence of this. Rain seeps in between joints and the wood decays. A car may have a metal surface, and yet not be of steel construction. Under extreme shock or stress the steel body remains intact—dented perhaps, but not crushed.

Steel does not need wood for strength or protection. Wood is fine for furniture, but not for the high speed vehicles of 1933.

In the Ford body there are no joints to squeak, no seams to crack or leak

The all-steel body is more expensive—to us, but not to you.

By all odds, then, steel bodies seem preferable.

Wheels also have become all-steel. No one argues that an electrically welded one-piece steel wheel, such as the Ford wheel, needs to be "strengthened" by adding wood to it.

The one-piece all-steel body is the strongest, safest, quietest, most durable body made That is our only reason for making them.

July 21, 1933

Henry Ford

中華郵政特准掛號認爲新聞紙類

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